D 8523A

No.30,759

Thursday February 2 1989

Soviet troops stage final withdrawal from Kabul

Soviet soldiers pulled out of Kabul in the final phase of withdrawal and a Soviet official said troops will completely withdraw from Afghanistan by Feb 15 under the Geneva accord. Moslem guerrilles blasted a convoy of Soviet trucks and tanks with artillery fire as shelling confinued on the strategic Salang highway. Diplomatic moves, Page 4

Shevardnadze visit Soviet Foreign Minister Eduard Shevardoadze arrived in Peking to discuss a summit to heal the 30-year-old China-Soviet breach. Page 18

Prince jailed

Prince Sekik Alsahah, 35. cousin of the Kmir of Kuwait, jailed for two years in London after being found guilty of corruption after admitting possing and supplying drugs.

Philippines fighting Forty-three people were killed when Philippines troops clashed with Moslem rebels in their biggest battle with

Lebanon mediation

Arab mediators seeking to reconcile Lebanon's rival governments tried to set a timetable for presidential elections and withdrawal of foreign forces but Lebanon's two rival prime ministers remained at odds over reforms in the political

Taba talks stalled

Egyptian President Hosni Mubarak accused Israel of obstructing settlement of a border dispute: An arbitration panel awarded the Israeli-con-trolled enclave of Taba to Egypt, but talks to implement: the ruling have stalled.

Australia-Cuban link

lished full diplomatic relations for the first time following a consular agreement in Mexico

iran celebrates

iran started 10 days of celebrations marking the anniversary of its Islamic revolution in 1979, the first without war for eight years.

S Africa trial

The trial of a prominent black South African union leader and four colleagues resumed with all of them facing banging on charges of fomenting antigovernment violence in a Johannesburg township.

Korea-Hungary ties Hungary became the first communist state to establish full diplomatic relations with

South Korea while maintaining links with the Communist north. Page 4

Armenia curfew

Armenian authorities have November to stem ethnic

Gorbachev visit Soviet President Mikhail Gorbachev will visit West Germany from June 12 to June 15, when he will meet Chancellor Hel-mut Kohl.

Sudan reshuffle

MARKETS

Niidal average 1000

Jan 1989, Feb

Bond: 1014

Federal Funds 9%

vield: 6.55% (8.638)

yield: 8.83% (8.84)

Sudanese Prime Minister Sadek el-Mahdi announced formation of the country's fourth. government since 1986, with the fundamentalist National Islamic Front retaining two key posts. US talks, Page 4

STERLING

New York close \$1.7485 (1.75275)

\$1.7545 (1.7505)

DM3.2675 (3.2875)

SFc2.7775 (2.8000)

New York class DM1.8735 (1.87265)

FF:(8.3805 (6,3750) SF:(1,5955 (1,59775)

Y139.275 (130.25)

FFr6.3450 (0.3850) SFr1.5835 (1.6000) Y129.60 (130.50)

Comex April \$398.0 (395.8)

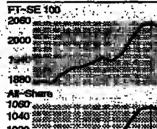
New York . latest

GOLD

FFr17.1325 (11.1775)

Business Summary **Deficit cuts** may curtali **US** social programmes

US Administration warned LONDON Stock Exchange had an erratic session as the two-week long equities advance ran into profit-taking. A weak-start in US markets also sent.



Jan 1989 Feb London lower and by the close

to 1,050.20. Page 29 WEST GERMANY'S car industry is likely to experience production cuts of between 3 and

try association. Page 2 COMPAQ COMPUTER, US per-

PERU devalued the inti by 24 per cent from 700 to 920 per dollar and raised prices for fuel and basic food by an aver-

ing company, announced details of a complex share swap which reinforces its direct participation in Petrofina, Belgian oil group, and Tractebel, the country's energy, telecommunications

and media concern. Page 18 MCI COMMUNICATIONS, US long distance telecommunications carrier, reported a fivefold increase in fourth-quarter earnings. Net profits rose to

\$122m from \$23m. Page 18 BSN, French foods group and world's leading producer of dairy products, reorganised its management structure.

REEBOK International, shoe and clothing manufacturer, reported a dive in fourth quar-ter earnings. Net profits fell to \$6.7m from \$34.2m. Page

THYSSEN, diversified West Geman steel group, ended months of speculation after it amounced it was no longer interested in a merger with Fried. Krupp, troubled West German industrial conglomer ate. Page 20

ELECTROLUX, Swedish white goods manufacturer, increased sales to SKr74bn (\$11.7bn) from SKr67.4bn, while profits rose by 21 per cent from SKr8.06bn to SKr3.7bn. Page 20

AUSTRALIA'S third Gold Rush, under way since 1985, is faltering under the impact of weak bullion prices, a strong Australian dollar and heavier tax obligations. Page 28

SPAIN'S central bank has applied measures to cool an overheating economy and halt a flood of credit from abread which has driven up the value of the peseta and hit Spanish

that reducing the Federal budget deficit would mean cutting social programmes and scaling social programmes ann scanng back campaign promises in the President's revised budget in a week's time. Likely casual-ties are election pledges on expansion of health pro-grammes for the elderly and low-income families. Page 16



down at 2,089.7. The FT All-Share index lost 0.5 per cent-

4 per cent this year, but invest-ments will increase sharply, according to the motor indus-

coarract computer manufacturer, registered more than \$20n in sales for 1968, making it one of the fastest growing companies in US history. Page 18

age 30 per cent as part of an economic package to reassure investors. Page 7

Belgium's second-largest hold-

exporters. Page 2

STOCK DIDICES

Dow Jones and Av.

New York close

2,338.21 (-4.11)

CAP COMP

FT-SE 100

World:

297.AT (-0.29)

2,039.7 (-12.1)

143.90 (Tues)

31,360,68 (-220,62)

Brent 15-day (Argus) \$16.50 (+0.20) (Feb) West Tex Crude \$17-395 (+0.27

(+0.27)

1,840.2 (-22.0)

Tokyo Nikkei Ave

Frankfurt

Fujitsu plans chips plant in Britain to supply EC market

By Terry Dodsworth and Hazel Duffy in London

FUJITSU, the Japanese electronics group, is expected to lead a wave of new Japanese investment in semiconductor manufacturing in Europe with the autouncement of a \$100m plant on Wearside in the North East of England

Plans for the Wearside devel-opment have been hammered out in the last few months after an extensive investiga-tion of potential sites in the rest of Europe and elsewhere in the UK. Although company officials in Britain refuse to comment on the project it is widely expected in the industry that Fujitsu will make an announcement within the next

few weeks. Fujitsu's plans reflect grow-ing interest among the leading Japanese semiconductor companies in investment in the European Community.

Hitachi, the world's third largest chip producer with sales of \$3.5bn last year, is cur-

rently involved in a formal study on European semicon-ductor production, and is likely to make a decision on a project by the middle of this year. Toshiha, the second largest chip manufacturer, which had sales last year of \$4.5bn, is also considering European fabricaconsidering European fabrica-tion, Industry officials say the company will almost certainly follow its Japanese peers into the EC before the removal of internal trading barriers in

By David Buchan in Brussels

expected next week to propose that EC states introduce a com-

mon minimum tax at source on

investments made by Commu-

nity citizens in EC countries other than their own.

The move is aimed at reduc-

Luxembourg, in particular,

ing the risk of fiscal frand

when capital controls disap-

benefits from a large amount of investment funds by non-

residents and is a leading oppo-

nent of the proposal.

Mrs Christiane Scrivener,
holder of the Commission's

new tax portfolio, has this

week added the Belgian and

pear in 18 months' time.

SEMICONDUCTOR

| SALE | - |
|------|---------------------------|
| 1987 | 1988 |
| 249 | 370 |
| 188 | 349 |
| 157 | 248 |
| 110 | 131 |
| | Source: Detec |
| | 1967 249 188 157 |

Other smaller Japanese com-penies, such as Sony and Selko Epson, are also believed to be examining European manufacturing, possibly through collaboration deals with indigenous semiconductor companies.

The European Community's 1992 project appears to be the main spur behind the interest Japanese companies are now

showing in the region.

There is widespread suspicion in Japan that the opening up of the internal market will be followed by moves to impose more participes on impose more restrictions on imports from outside the Community. Because of these anxieties, Japanese companies feel they need to establish a manufacturing foothold in the area within the next three to four

An additional factor is the recently-announced move by the European Commission to insist that semiconductors are fabricated, not merely assembled, within the Community if 17

Cross-border investors to

face tax threat from EC

the list of member states she has individually consulted on

her savings tax plans. These are due to be approved by the

full 17-strong Commission on

February 8 and to be presented to finance ministers of the 12

no consistent pattern of such levies - known as withholding

taxes - certainly not as regards non-residents. The

Commission plan is for each state to levy a minimum 15 per

cent on income derived from

bank deposits, shares and

bonds by Community citizens resident in other EC states.

In a concession to the UK

At present, EC states have

on February 13.

THE European Commission is Luxembourg Governments to

they are to qualify as locally-manufactured products.

An increasing number of users, many of them Japanese companies making products such as printers and copiers, require locally-mada chips to avoid anti-dumping charges imposed on "screwdriver" plants in which less than 60

per cent of the final product is made in the EC. By insisting on local fabrica-tion of chips to meet these requirements, the EC has put pressure on the Japanese to bring the most expensive part of the production process into the Community.

Chip fabrication, or diffusion as it is sometimes known, is a highly sophisticated and expensive process for treating the silicon wafers on which chips are made. As semicon-ductors become increasingly complex, the size of the invest-ment in these facilities is increasing rapidly - plants start in the \$100m range, and large facilities can cost around

NEC, the largest Japanese chip company, and the biggest producer in the world with rev-ennes of \$4.5bn last year, already has a European fabrication plant in Scotland.
Commission to probe Chinese silieon exports, Page 8; Background, Page 7; Siemens to

and Luxembourg financial cen-tres, the tax would not apply to Euro-securities – internation-ally traded and issued bonds

and shares which might other-

wise shift outside the EC. Not

would the tax apply to non-EC

nationals. Nor, finally, would it

absolve EC citizens from paying the difference between the

15 per cent tax-at-source and a

possibly higher capital savings

tax in their Community country of residence, as exists in

France and Belgium, for

The Commission is expected

to propose amendment to the

1977 EC directive on co-opera-

tion between national tax

Continued on Page 18

Inquiry into trading of SocGen shares ordered

By Our Foreign Staff in

THE FRENCH stock market regulatory authority is to open an investigation into possible price manipulation or insider trading in the shares of Société Générale, the French bank privatised in June 1987.

The Commission des Operations de Bourse (COB) said yesterday that the inquiry would cover trading in the shares after June 1 last year. Mr Georges Peberean, the French financier, announced in October that he had built up a 9.6 per cent stake in the bank – an operation termed by the country's conservative opposition as a backdoor attempt by the Socialist Gov-

erament at renationalisation. Mr Roger Fauroux, French Industry Minister, suggested earlier this month that wrong-doing in the Societe Générale affair might be much more serious than what had emerged concerning dealings in advance of the takeover by Pechiney, the French state aluminium group, of Triangle Industries of the US.

The COB published a repor on the Pechiney-Triangla affair on Tuesday, in which it said it had found strong circumstantial evidence of

insider trading.
Mr Pierre Bérégovoy, French
Finance Minister, said last
week that he would ask the COB to investigate the Société Générale affair. His call followed press

reports drawing attention to the heavy purchases of Société Générale shares by Mr Samir Traboulsi, a Lebanese finan-cier. Mr Traboulsi has said that he made the transactions purely on the advice of his stockbroker. The COB had said last

month that it would not investigate trading in Société Générale, because there was insufficient evidence malpractice, and Mr Jean Farge, the COB chairman, was saying as late as Tuesday that no decision had been made. Mr Fauroux suggested that

far more money had been made through Societé Génér-ala shares than in the purchase of shares in Triangle before the Pechiney takeover. The COB report ou Pechiney-Triangle was referred to the state prosecutor. It identi-fied six people, including a close friend of President Francois Mitterrand, as having

made profits of about FFr14m (\$2.19m) through buying Tri-

angle shares.

Indian Prime Minister Rajiv Gandhi (left) greets President François Mitterrand on his arrival in New Delhi

Indian telecoms decision delayed

By David Housego in New Delhi

A HIGH-LEVEL Indian government committee has shelved a decision on a major telecommunications contract. dealing a blow to French hopes that President François Mitterrand's state visit to India, which began yesterday, would help win the contract for Alcatel, the French telecommunications group. Senior civil servants met

yesterday under the chairman-ship of the Cabinet Secretary to review the proposal by Ala-catel to establish a new plant to manufacture an npdated version of the company's E10B main exchange digital switch-

ing system.

Alcatel, which built the only existing digital switch mannfacturing plant in India, is seeking to widen its foothold in the Indian telecommunications market, which is worth billions of dollars over the coming years. Alcatel's bid has triggered off a bitter tussle with Mr Sam Pitroda, technology adviser to Mr Rajiv Ghandi, India's Prime Minister, Mr Pitroda is head of the Centre for the Development of Telematics (C-Dot), which is trying to develop an indigenous switch-

ing system. Backers of the Alcatel proposal seemingly arranged that the meeting should take place yesterday in the hope that

President Mitterrand's state visit to India would influence a government decision. Mr Pitroda, the main opponent to the project which would involve Alcatel establishing a joint venture with the Indian Telephone Industries, probably at Rae Bareli, was at tha meeting. The Hinduja family, the wealthy Indian business group. said yesterday that they had plans to invest in the telecommunications sector in India and that they had been in negotiations with all major multinationals with a view to

choosing a partner.
So far, they said, they had not entered into any firm contract or memorandum of understanding with Alcatel. Nor had they submitted any joint proposal with the French group for consideration by the Government of India.

They further denied that they had given any support or backing to Alcatel. The shelv-ing of the decision is seen as a blow to Alcatel because equipment policy is now likely to be determined by the newly created Telecommunications Com-mission, where Mr Pitroda's influence is strong. Mr Pierre Suard, the chair-

man of France's CGE Group, which controls Alcatel, is in New Delhi accompanying Pres-

TV satellite expansion

the Luxembourg company behind the Astra television satellite, is expected to decide to buy a second completed 16-channel television satellite.
The deal would give SES the

capability within about 15 months to broadcast 32 chan-

nels across most of Western Europe, all of which could be picked up on a single satellite

receiver.

Mr Rupert Murdoch, chief executive of News Interna-tical, will launch four of his six Sky Television channels on Astra on Sunday. Page 7

Elders company halts meeting of MB Group warrant holders

By Maggie Urry in London

ELDERS Investments yesterday halted the meeting of MB Group's warrant holders which was to consider proposals connected with the planned merger between the UK group's packaging interests and those of Carnaud of

Mr Ross Luke, representing Elders investments, a subsid-iary of Elders IXL, the Austra-lian brewer which has 25.1 per cent of the MB warrants, denounced the terms of tha deal with Carnaud, saying they were "not in the best interests of MB Group shareholders or warrant holders." Warrants give holders the right to buy shares at a fixed price.

As the meeting began, ha called for an adjournment until February 21. The motion was passed unanimously once the proposed date was changed to February 15. No one else spoke at the meeting, although other warrant holders said afterwards that Mr Luke's sugges-

tions deserved consideration. Mr Brian Smith, ME's chair-man, said later: "The board of MB deplores this further lastminute, diversionary tactic employed by Elders. He repeated that the board was confident that the deal with the French packaging group was in the best interests of

shareholders and said the spe-cial meeting of shareholders to approve it would go ahead on February 24. Eldars Investments also holds 5.7 per cent of MB's shares, which rose 7p to 287p in London yesterday.

Mr Luke said Elders Investments wanted to put other proposals to MB. It wanted more

time to finalise these as well as meetings with MB. MB, formerly called Metal Box, met Mr Luke and Mr Andrew Cummins, chief executive of Elders Investments, on Friday. MB believes there is no point in meeting again. On Tuesday, MB rejected a suggested £780m (\$1.365bn) cash bid for the packaging business from Elders Investments and some unnamed part

Under the terms agreed between MB and Carnaud the merger would form a new com-pany, CMB Packaging. MB would hold 25.5 per cent of CMB's shares and would receive £240m in cash. MB shareholders would be given

16.5 per cent of CMB's shares.
Elders investments suggests that all the CMB shares and the £240m of cash should be given out to MB shareholders. Further it suggests there should be a cash alternative for the CMB shares. Elders Investments wants

more information to verify the underlying value of MB's packaging interests and possibly make a cash bid for them of "not less than £780m." Elders opens new box of

tricks, Page 17; Observer, Page

CONTENTS Unions' victory over Italian Government turns sour



The Italian Government's tax deal with trade unions aimed at stopping a threatened general strike has underlined doubts about Prime Minister Ciriaco da Mita'a political judgment.

Arta-Raylews -World Guide Commodities -

Italian politics: Calvi's death nears an uncertain denoument. simultaneous engineering corporate identity Editorial comments G7's summons to the US;

Lex .

Price-fixing in commodities

Poland: Rediscovering the pleasure of making Technology: Stearing carmakers towarda Marketing: BP leans towards green with new-

UK scoporny: Need to say 'no' to budget masochists __ Stock Markets 29-35 -London .. Unit Trusts

Latin American debts Paying for a decade of

1992. We saw it coming years ago.

pportunity in years. When Europe functions as a single entity is

communers: almost as large to the USA and But how will the markets grow? We have looked specifically

growth, perticularly as a direct result of 1992 We have looked at how expansion of exports between

share prices across all European markets. investors will also be able to take advantage of the large proportion of currently offer excellent growth and probt potential.

TUNE Based on extensive first-hand knowledge of the European markets, CIGNA have created the 1992 European Special Opportunities Fund, specifically designed to exploit 1991

This experience and the stock-picking repertise of our fund managers will be crucial to catch the early gains in the run up to 1992. The fund, already established and ronaged by CIGNA as Crusader European Special Situations Trust, has a proven in estment record. (CTGNA have been in

Enterse for 15 years). Evidence of our pan-European capability can be seen in the record of our top-performing European Growth Fund, which also stands to

opportunities develop. Investors are reminded that Uns Trasts should be considered a long will create a market of over 320 million can go down as well as yo up. The global strength of CIGNA Corporation tour parent company) has made it one of the world's largest insurance and investmeni managemeni groups, In today's unsettled world markets the CIGNA 1992 European Special Opportun activity is set to increase trading volumes and With IEEE fast approaching, there has never been a better time to loves: in Europe. As speciared, so CIGNA have developed a many commental companies are well advanced long term view of the potential is in their preparation for the angle market, the time to invest is now. To find out mare, a brochure covering ou European lunds and a view on the implication of 1997 for investors can be obtained by filling out the courses or by contacting your rofessonal advaser. Please send me further information on the range of CIGNA European Funds.

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and the Law Bust Amenter at The Street Amenter at The

t that past perfugnance is no application of factor performance and that the price of muts and the income from them can go down as well as up,

French try to defuse Renault subsidy row

By William Dawkins in Brussels

THE French Government is seeking an urgent meeting proposed meeting Sir Leon on with Sir Leoo Brittan, the new European Competition Comfirst big test of the new European Competition Com-missioner, to try to avert a bat-tle over its plans to write off Ffr 12bn (Fibn) of the debts of

This follows a Commission request for clarification of proposals to rescue the heavily-in-debted state-owned car maker without lifting its privileged state-guaranteed status, contrary to what was agreed by the previous French Govern-ment last March. It is understood the Brussels authorities have substantial objections.

Mr Roger Fauroux, the

By John Wyles in Rome

THE ITALIAN Government

has been sustaining serious fleshwounds in recent days as

a result of the cootroversial

tax deal it struck with the trade unions last week, but it

became clear yesterday that the unions may also have shot themselves in the foot by

ignoring the small print of the

Arguing the case for "fiscal equality." they persuaded the

Government to reduce the ben-efits of tax deductible spending

apparently in the belief that

those most affected would be

missioner's stance on potentially anti-competitive state subsidies. This is the largest and one of the most sensitive government aid proposals in any industry to have been challenged by the Commission. Sir Leon can call on the Brussels anthorities to block the entire scheme if he feels it gives Renault an unfair advantage over other EC car compa-

The Commission approved a Ffr 20bn Renault rescue plan last year – a Ffr 8bn capital

high income groups.

Armies of accountants have since pored over the fine print and claimed that most

mediom-income employees

earning more than L30m (£12,500) a year, some of them union members, will be worse

How many, no one can say, although the Bank of Italy

coincidentally published a sur-

vey yesterday showing that net average family income in 1987

was only slightly under L30m.

around the country have been

Professional associations

off as a result.

injection, plus the Ffr 12bn write-off - in return for what it believes was a promise from France's then conservative administration to change the car maker from a state regie, under which it cannot technically be declared bankrupt, into a company competing under normal commercial conditions. Last year the new Socialist Government served notice that it wished to keep Renault's regie status, but make other legal changes to

subject the car maker to more commercial obligations. French officials argue that

Paris should be free to use any method it chooses to allow

protesting loudly, and, as they

ran for cover yesterday, some red-faced union leaders were

talking about encouraging

amendments to the proposal when it comes to Parliament.

Ever solicitous for his Chris-

tian Democrat party's electoral capital, Mr Emilio Colombo, the Finance Minister, implied

yesterday that there was scope for amendment and offered a

sorprisingly low estimate of

L500bn as the extra revenue to

be generated by the agreed limit on tax deductibles.

The row has strengthened

Unions' victory over Italian Government turns sour

Renault to compete under nor-mal commercial conditions and is not obliged to remove its

regie status to do so.

Any softening of the Commission's stance on Renault would anger the UK and West German governments, which have been forced by Brussels over the past 18 months to make big cuts in planned state aid for Rover and Daimler-Benz. Yet any change in Renault's status risks plunging the French Government into a row with the Communists and their union supporters, which have

opposed such a move.
Yesterday's developments
came amid signs that Brussels

doubts about the political judg-ment of Mr Ciriaco De Mita, the Prime Minister, in rushing

into last week's agreement to buy off a threatened four-hour

He has come under criticism

from all sides for making pol-icy affecting all taxpayers in tandem with a union move-

ment which is only distantly representative of the country

Economists have been partic-ularly harsh about the under-taking to index direct tax rates

for inflation from next year.

general strike.

is preparing to re-open the debate over the possible aboli-tion of bilateral national controls on Japanese car imports, currently operated by five EC countries. The issue was shelved by the previous Commission, which was deeply split over how far to liberalise split over how far to liberalise the EC car market. A full meeting of the 17 Commissioners agreed to make the issue a priority for their 1989 work programme. Mr Frans Andriessen, Commissioner for external relations, told a meeting in Amsterdam yesterday that he wanted to see bilateral quotas replaced by temporary EC-wide restrictions.

Mr Giuliano Amato, the

coalition closes ranks

By William Dullforce in

SWITZERLAND'S ruling four-party coalition yesterday closed ranks in the federal parliament to elect Mr Kaspar Villiger, 47, part-owner of a bicycle manufacturing busi-ness, to the seven-member Federal Council (government), to replace Mrs Elisabeth Kopp, who resigned as Justice Minis-ter last month over a \$1bn (£555m) drug money-launder-

ing case,
Mr Villiger's election is part
of an attempt by the four parties - Radicals, Christian Democrats, Social Democrats and the Swiss People's Party
which have governed Switzerland for the past 30 years, to
allay the effects of the scandal
on public opinion.

Mrs Kopp, Switzerland's

first woman cabinet minister, resigned after a special public prosecutor had sought an investigation into the possibility that she had passed confidential information to her husband.

Treasury Minister, is openly distancing himself from the measure. He told a parliamentary committee on Tuesday that, as a result, tax revenues would be up to L2,900bn lower than forecast for 1990, L6,000bn lower in 1991 and perhaps L10,0000m in 1992. hand.

Like Mrs Kopp, Mr Villiger is a member of the conservative Radical party.

Probably, Mr Villiger will not succeed Mrs Kopp in the Justice Ministry. He is expected to take over the defence particular from Mr Availed. L10,000hn in 1992. He had no idea how these could be made up and the Govfor reducing public deficits (now 11.5 per cent of gross domestic product) put back on portfolio from Mr Arnold Koller, a Christian Democrat, who will move to Justice.

Switzerland's Bundesbank seeks to reassure markets as repo rates rise

By Andrew Fisher in Frankfurt

WEST GERMAN interest rates on the regular securities reportant transactions (repos) between the Bundesbank and commercial banks edged higher yesterday. But cantral transactions and this had no special significance for monetary policy and did not signal a further tightening.

"This should not be over-interested" said Mr Leonhard Germany and other European

Gleske, a director of the cen-tral bank. The rates reflected commercial bank and market views on interest rate trends. he said. "It is not our intention. to push rates up. We have to tolerate what the market bids." Again conducted on an interest rate tender basis, the funds for the 28-day transaction were allocated at levels of between

The top rate was thus mar-ginally above the 6 per cent Lombard emergency funding rate, but money market sources noted that most of the funds were allocated nearer to

5.5 per cent. The rates on the 63-day repo, also carried out yesterday, ranged between 5.65 and 5.9 per cent.

The sources thus did not expect any further rise at today's fortnightly Bundes-

Germany and other European countries. Yesterday, the dollar closed in Frankfurt at just over

DM1.87.

• The Bundesbank informs the Bank of France of forth-coming monetary decisions but is not making progress toward true co-operation, Mr Pierre Bergovey, the Franch Finance Minister, said yesterday, Reu-

ter reports. Reiterating criticism he first Renerating criticism he first made last summer, Mr Bérégovy told a news conference:
"We are informed of decisions by the Bundesbank ... They talk to us about it ... But this is not the way that you make progress in co-operation."

tion." He also reaffirmed his hope that talks between the US Securities and Exchange Commission and its French counterpart, the COB, would lead to bank council meeting of the key discount and Lombard rates.

These last moved up by half a point each two weeks ago to

Output forecast to fall in W German car industry

By Andrew Fleher

WEST GERMANY'S car to 744,000 people in 1988. The this year, but investments will increase sharply, said Mr Achim Diekmann, general manager of the country's motor industry association

He also warned that West German manufacturers would come under stiffer competition from Japan and Western Europe. The battle in the

world market is becoming tougher," he said.
On Toyota's plan to build a new plant in Europe, probably in Britain, he said: "This will be a sharpening of competition, an extra challenge, and it will force us to think harder about how to keep costs under con-

This year, he said at the ence, the domestic industry would find it hard to maintain current employment levels after a further rise of 5,000 jobs

industry is likely to experience rise reflected more hiring by production cuts of 3-4 per cent parts suppliers, however. Jobs this year, but investments will in vehicle production fell by 2,000. The forecast production

decline comes after only a slight drop in 1988. VDA figures showed that output eased by 9,000 vehicles to 4.6m, with a rise of 7 per cent to 286,000 in commercial vehicles more than offset by the effect of a near 1 per cent fall to 4.3m in cars. In West Germany, new car registrations, 4 per cent lower at 2.8m, are likely to ease to 2.7m

in 1989. But Mr Diekmann reckoned total investment by the indus-try would rise by 10 per cent after a 6 per cent advance to DM12.75m (23.95m) in 1988. In the past three years, invest-ment had jumped by a third, the upper end of the market and away from lower-priced cars which can mostly be produced cheaper elsewhere.

ernment spending, might

ernment spending, might agree.

Spanish officials argue that the economy is now in such a delicate position that, had they not acted this week, any measures taken later might have been worse. Although interest rates have been rising anew since summer, consumers have not been not off

Private and public consump-tion rose 4.9 per cent and 4.5 per cent respectively last year. Gross fixed capital formation rose 14.7 per cent in 1988, with the gross domestic product ris-

ing 5 per cent after 5.5 per cent growth in 1987. Inflation jumped to 5.8 per

cent last year, against a 3 per cent target. Mr Solchaga is determined to keep the rate at 3 per cent this year, although independent economists con-sider this unrealistic, and that

partly explains why he bowed to Bank of Spain pressure for the credit squeeze.

The strong pesets, high consumer spending and investment were also responsible last year for Spain's first-current account deficit (\$3bn) since

The central bank also fears the Government will spend

heavily to placate the trade unions after their December 14

general strike; it has already made a two-year offer worth Pta 344bn.

FINANCIAL TIMES

not been put off.

Higher interest rates to follow Spanish squeeze

MR CARLOS SOLCHAGA, the Spanish Finance Minister, confirmed the inevitable yester day. Interest rates will rise again in the next few days, following the imposition of a plained about profligate government.

MR CARLOS SOLCHAGA, the Spanish Finance Minister, confirmed the inevitable yesterday. Interest rates will rise again in the next few days, following the imposition of a flerce credit squeeze by the Bank of Spain on Tuesday designed to rein in galloping economic growth.

The monetary anthorities have forced banks to raise their required liquidity reserves (the proportion of their deposits lodged with the central bank) by 1.5 points to 18 per cent. Under Spanish regulations, 6.5 per cent of the required reserve will not hear any interest and the rest will attract a low rate.

Companies which borrow

any interest and the rest will attract a low rate.

Companies which borrow foreign currency to will have to lodge 30 per cent of the central bank loan with it or, in the case of loans made through bank operations, 20 per cent. The aim was to slow the inflow of speculative foreign capital and weaken the peecta, which has risen to nearly 61 per.

D.Mark from its 66 target.

The measure also includes money raised through bond placements abroad.

The increased reserve requirements will take about Pta 400m (about £20m) out of circulation, the bank says:

Economists believe the attack on foreign currency borrowing is the harsher measure. Businesses and banks will still have to pay interest on all the foreign funds they borrow, even though they, will have access to only 70 per cent of it. The effect will be to raise the cost of borrowing abroad and to narrow differentials between Spanish and foreign rates.

That should make it easier for the Bank of Spain to raise domestic rates without upsetting the pessta.

Treasury officials expect the measures to have an immediate effect. "There will be no new borrowing at all," said one. He said much of the problem lay in short-term borrowing by Spanlards through foreign banks resident in Spain: they would be most affected.

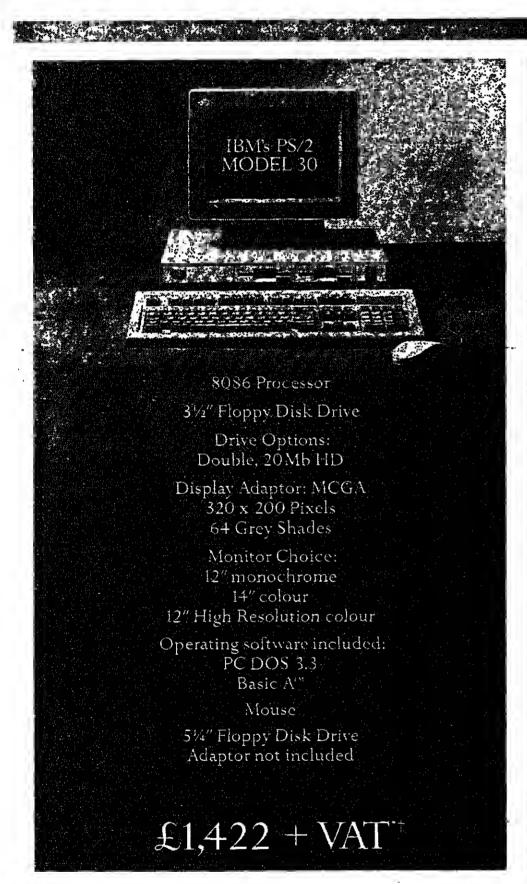
"Its a pretty steep measure,"

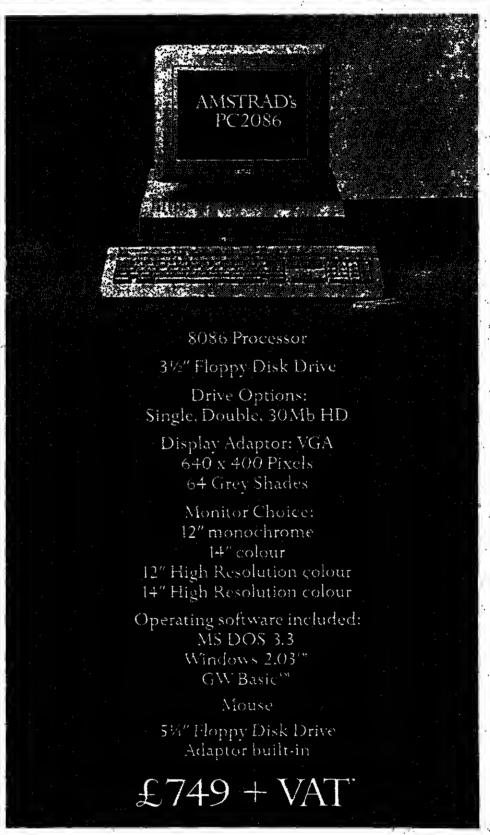
they would be most affected. "Its a pretty steep measure," said Mr Jaime de Pinles, chief economist at Chase Manhattan in Madrid. "It's a clever move provided it is transitory."

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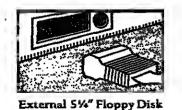
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He added that "it would have Ostergade been unnecessary had fiscal DENMARK





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split on degree of political change

Moscow's intervention.

He has sharply criticised Mr lan Radio.

Imre Pozsgay, the politburo's Mr Gross replied angelly that leading reformer, who said last he did not know what had weekend that a party committee he headed had concluded a "single element" out of 40 that a "popular uprising" took years of party history.

Previously, the purising was also conserved over the establishment.

Previously, the uprising was referred to by the party as a "counter-revolution" or more recently as the "events" of would not allow a number of 1956. Mr inre Nagy, who led independent organisation which opposed the Communist intervention, is to be reburied system to become parties.

THE HINGARIAN leadership. In a marked grave but will not which has charted the most be rehabilitated yet.

ambitious reform programme in Eastern Europe, is seriously tee's view reflected the feelings split over how far political of the public and a large part change, and the rewriting of the public and a large part the official version of history model begun in 1948-49 model begun in 1948-49 model begun in 1948-49 in its entirety and had led to munist Party leader, has admitted to differences both on the pace of reform, and over the symbolically important torship of the problem was the one-party system.

The moment the dictational distribution of the problem was the one-party system.

The moment the dictation of the problem was the one-party system.

The moment the dictation of the problem was the one-party system.

years of party history.
Growing differences have also emerged over the establishment of a multi-party system. Mr Grosz has indicated he would not allow a number of independent organisations which opposed the Communist

EUROPEAN NEWS

Hungary's leaders Poles rediscover the pleasure of making money

Private enterprise begins the long march against inertia, writes Christopher Bobinksi from Warsaw

A days, the talk is of making money.
Encouraged by the pro-private terprise rhetoric of the new Warsaw Government, more and more Poles are becoming interested in taking advantage of pre-war legislation, still on the statute books, which provides for the establishment of limited liability joint stock companies.

The first stirrings of a market in capital, commodities, equipment and even stocks can be discerned in the classified advertisements of the news-

At the beginning of 1988, there were about 5,000 new companies in the country, almost all set up before 1985. by last July, the figure had grown to more than 11,000 and court registrars are snowed under with applications.

In theory, the mechanism is simple. A few friends, maybe relatives, put together a small sum as capital, registrate that the last registration.

ter their company and start the long march through local government offices, putting together the required permits to start trading or production. It is an exhausting process, and more than a third of the registered companies run out of steam before going into business, or find going it alone more difficult than expected.

For some, the initiative is simply a way of making money by taking

T PARTIES in Warsaw these days, the talk is of making shortages as well as the loopholes provided by an over-regulated and singular couraged by the pro-private en-

to react to market signals.
Others, mostly Solidarity supporters or even former internees who are banned from their old jobs, first turned in the early 1980s to founding co-operatives to make a living and then began to set up joint stock com-panies as a simpler vehicle with tax

advantages to boot.

Unicum, a co-operative founded by Solidarity supporters in 1984, is a classic example. This year, it and its seven subsidiaries (a further 13 are in the pipeline), whose activities range from housing and computer assembly to trade with the Soviet Union, expects to record a turnover of Zl 20bn (£22m) and pre-tax profits of Zl 600m. lis chairman, Mr Andrzej Machal-skiis, is a leading figure behind Eco-nomic Action, an umbrella organisa-

The previous government, replaced in September by Mr Mieczysław Rakowski's team, did not make life easy for the new companies, but it does not seek to limit the movement

tion of groups lobbying for greater

either. Indeed, earlier this year, the word went out to the state sector encouraging it to enter into links with these

private companies and set some up themselves. If the pledges emanating from Mr Rakowski's ministers come to fruition, the climate could improve significantly for private business, allowing it to expand into foreign trade as well as permitting joint ven-tures with Western capital.

The new government's propaganda. which actually encourages people to go out and seek ways of making money, has broken with the egalitarian creeds of past years and sent a shiver of excitement through middleclass Polish living rooms.

party officials and managers from the state sector are getting involved in new companies. Such links between the nomenklatura, or official elite, have always existed, albeit discreetly, at first only in Poland's small crafts-dominated traditional private sector and later, at the beginning of the 1980s, in small-scale Westernowned companies.

But now the ideological barriers are coming down and it is becoming a positive virtue for a party apparatchik to be involved, in some small way at least, in a business enterprise.

In Gdansk, a new law firm, Lex, is setting up a computer-based system which aims at bringing together those with spare capital, machinery and

saw. Since September, Tebos, a com-pany founded in 1982, has been advertising its services as a broker of stocks as well as spare production

buying and selling of shares.

The primary elements of a stock

exchange have also appeared in War-

Few shares if any have actually changed hands as the vast majority of the new companies are private but Mr Waldemar Szczepanik, Tebos's owner, says he sees the move as an investment for the future.

Mr Jan Bielecki and Mr Jan Majewski have made a study of the "new entrepreneurs" in Gdansk. They presented a paper to a meeting of an unofficial Gdansk group of free market liberals recently.

hey found that 23 joint stock companies were registered in the province in 1985, 534 two years later and that nearly another 900 had been added to the list by the end of last year. However, only 400 had begun any business activities by

Equity capital in the Gdansk com-panies is invariably low and credits from the state owned banks are nooexisteot, the aothors outed.

The great majority of the new comnies are staffed and owned by peorequire little capital equipment. Finance is raised either by asking for payment in advance from clients or delaying payments to suppliers.

Trading companies, mostly specialising in computers but moving into photocopiers and fax machines, have the highest yearly turnover, reaching several billion zlotys.

The annual turnover of companies providing building services ranges from Zl 50m to Zl 200m. But companies in this sector have the largest oumber of employees, with between 30 and 100 on the payroll.

Lowest turnover comes from those companies providing consulting services. The authors feel that these companies would be in a position to compete with large or even medium sized state sector operations only if there were a real change in government policy.

Profits are still, in effect, taxed at a prohibitive 90 per cent rate, which limits chances of development. For the momeot, the private enterprise movement is giving its participants high incomes and a fair measure of freedom from the state.

It is also providing an entirely fresh source of eotrepreceurial talect which is directly challenging the set ple in their 20s and concentrate on

Clash at top of Yugoslav party ends in stalemate

A THREATENED showdown between two ton Yugoslav poli-ticians ended in stalemate yesterday after the Communist party's central committe closed ranks behinds its leader, Mr Stipe Suvar, and postponed making decisions on a party congress and internal party

Mr Slobodan Milosevic, the Serbian party leader, whose nationalist line has split the country down the middle, had demanded Mr Suvar's resigna-tion and an extraordinary

After an inconclusive and acrimonious three-day central committee meeting. Mr Suvar appealed for unity among a faction-torn party. Neither the polithuro-nor the central committee can do anything unless we have such unity,", he said, in remarks aimed at Mr Milo-

. However, the plenum was seen only as a temporary set-back for Mr Milosevic, who

party congress, empowered to remains set on purging the make sweeping personnel party bureaucracy. party bureaucracy.
Observers noted that a cen-

tral committee meeting in October, which failed to bring any sweeping personnel changes, was seen as "clipping the wings of Mr Milosevic" – but this had not prevented his supporters from toppling the party leadership in Montene-gro, with street demonstrations, earlier this year.

His critics fear he is quietly preparing to place his support-ers in key positions, both in his

native Serbia, in the province of Vojvodina, and in the For-

eign Ministry.

In Serbia, for example, plans are afoot to replace Mr Alexander Bakocevic as mayor of Belgrade and Mr Desimir Jevtic as prime minister of Serbia. Both had supported Mr Ivan Stambolic, the former Serbian

party leader, in the bitter leadership struggle in November 1987 which Mr Milosevic won, Observers said two factors would influence decisively the the Serbian leader's chances.

One was the role of the armed forces, whose representatives warned the central committee that they would not stand idly by while the party tore itself

The other is the economic performance of the new Bel-grade Government, headed by Mr Ante Markovic, an experienced economist from Croatia.

If Mr Markovic can slowly turn the economy round, Mr Milosevic may lose some popu-

Czech growth exceeds target

CZECHOSLOVAKIA reported 3 meant little. Production of per cent growth last year, an improvement over recent years which is now difficult to sell out to sell out the amount. It merely said that foreign trade rose by 3.5 per cent. of which and slightly above target. But the quality of growth remained poor and serious shortages of consumer goods developed. A quarter of all industrial companies failed to meet production targets and "owed" the state products worth nearly Koruna 8bn (£500m).

The gross industrial production target of 2.1 per cent growth was exceeded but economists in Prague said this within Comecon, continued at a high level. Instead of exporting the output to the Soviet Union as planned, some was diverted to the domestic ecoo-omy or added to already huge industrial stocks.

Czechoslovakia, which introduced self-financing in 440 none of the important ones -recorded a growing deficit in its hard currency trade but did rose by 3.5 per cent, of which 79 per ceot was with Comecon. Some hard curreocy was speot to import consumer goods from the West to improve the deficit in domestic productioo. Personal income and retail sales rose faster than expected and massive buying took place in expectation of higher prices. This led to growing shortages of con-sumer goods or, "disproportions" in the domestic market.

Mystery of Calvi's death nears an uncertain dénouement

By Alan Friedman in Milan

thriller, the tortuous and longrunning tale of Roberto Calvi and the Banco Ambrosiano is nearing its dénouement. But:

made to look like suicide? Was without any prosecution; it is the 62-year-old chairman of Banco Ambrosiano, who suffered from vertigo, capable of hoisting himself off the scaffolding under Blackfriars Bridge where he was found, hanged with five bricks stuffed stopped at 1.52, on the morning of June 18? topped at 1.52, on the morning
f June 18?

Or was his death the work of not to be handed down will be

brought him to the bridge in a

If he was murdered, was it by fellow members of the out-lawed P-2 Freemasons' lodge, fearful that he might be ready. to talk about his dealings with the Mafia underworld, with Italian politicians or with the Vatican bank that controlled 10 overseas dummy companies to which Ambrosiano lent \$1.5bn, money that was never recovered and which caused the Milan bank to crash? These are a few of the questions about the man who was dubbed "God's Banker."

The story is nearing its con-

LIKE AN Agatha Christie chision because of three separate judicial proceedings in
Milan. The first a civil tribunal's decision last week that
Mr Calvi was murdered, sugcan. But he was warned by a unlike the mysteries probed by gests that his widow Clara senior Vatican lay official that Hercule Poirot, the death of should be allowed to collect some of the names must never Roberto Calvi in London in L4hn (£1.7m) of life insurance. be revealed, not even in Con-June 1982 may hever be The second a criminal investi- fession, she claimed in a tele-explained. gation by Judge Matteo Maz- phone interview from Mon-Was it suicide, or murder ziotti, is expected to fizzle out treal.

not believe in the murder the-ory or cannot find any evi-dence. And the third a fiveyear investigation into the financial fraud that broke the bank is likely to produce three dozen indictments within the

per le Opere di Religione, the Vatican bank that has already paid Ambrosiano creditors \$250m damages "in recognition of moral involvement" in the

Caivi bank crash. Last year a high court in Rome quashed the arrest warrant issued against Monsignor Marcinkus, who was sought by Italian police on fraud charges. The Milan court's verdict pointing to foul play rather than suicide is at odds with a

A Vatican spokesman dismissed her charges as non-sense and said: "We have no comment to make because the Holy See cannot add anything to the position we have maintained for seven years." The Vatican has repeatedly denied any criminal involvement in

the Calvi affair. Little remains to be done by the various Milan magistrates professional killers who against Archbishop Paul Marinvolved in the mystery, dragged him from his hideout cinkus, the American-born although documents from the in the Chelsea Cloisters and friend of Pope John Paul II Lugano-based Banca del Gotbrought him to the bridge in a who is chairman of the Istituto tardo, which was once part of the Calvi empire, are still

awaited. Mrs Calvi says "the secrets of the priests are in those docu-ments" but hardly anyone else thinks much will come of them. In London, Sir David Napley's law firm, which is employed by Mrs Calvi, continnes its own investigation into Mr Calvi's death and police officials have asked to see evidence from the Milan judges.

After seven years of mys-London inquest in 1983 that produced an open verdict. And with a whimper rather than a bars Calvi has claimed Vatican involvement in the death of halian intrigue.

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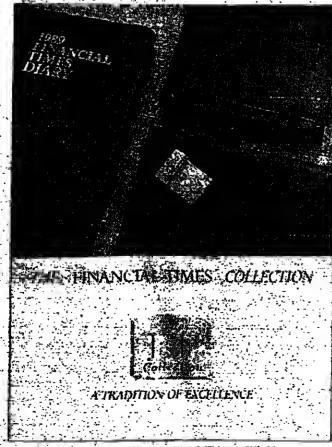


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THE NEARER the final withdrawal of Soviet troops from Afghanistan and the further away any political compromise on the country's future the greater the degree of high level diplomatic scurrying about in

search of elusive answers.
Yesterday it was the turn of Dr Ali
Akbar Velayati, Foreign Minister of Iran,
to turn np in Islamabad to offer his

thoughts for a last-minute formula which might hreak the deadlock and avert a civil

He met Mr Yaqub Khan, the Pakistani

He met Mr Yaqub Khan, the Pakistani Foreign Minister, who returned from a hurried round of similar but fruitless meetings in Saudi Arabia, a key backer of the Afghan Mujahideen which have scored a military triumph against the Soviet occupation forces but cannot agree on a political way forward.

Dr Velayati will stay for three days and

By Robin Pauley, Asia Editor, in London and Christina Lamb in Islamabad

Mitterrand presses French economic suit on India

By Paul Betts in New Delhi

PRESIDENT Mitterrand is spearheading a diplomatic effort to improve France's flag-ging relations with India with a four-day official state visit. Mr Mitterrand arrived in Delhi yesterday with an impos-ing delegation including seven ministers and several leading French businessmen. The visit will reach a climax on Friday with a son-et-lumière extravaganza in Bombay before 200,000

people to kick off the Festival of the French year in India. In conversations with Mr Rajiv Gandhi, the Indian Prime Minister, and President Ramas wamy Venkataraman, Mr Mitterrand laid the stress yesterday on the need to intensify the North-South dialogue, an issue which has long been at the forefront of the French President's preoccupations.

But the most immediate purpose of the visit is to immediate

pose of the visit is to improve economic ties between the two countries and open up export opportunities for France. French exports have been slippiog over the last two

years. Although oo spectacular new deals are expected during



Mitterrand: four-day visit

the four-day visit, France is hoping to make progress on a number of important contracts. including a FFr 600m (£54m) thermal power station and the Dul Hasti dam project in Kash-

French officials also regarded as an eocouraging sign the agreement finalised yesterday between the Institut

Merieux and India to bulld a FFr 500m vaccine institute near Delhi with French concessionary aid. France and India also signed yesterday a co-op-eration agreement in the bio-medical field.

To improve Indian export prospects in France, India will open an export office in Paris this year. At the same time India has agreed to speed up the bureaucratic process for future French investments to

An Indian Foreign Ministry official said the two leaders briefly discussed expansion of co-operation in atomic energy and space exploration but did not reach accord. "Prime Minister Gandhi said it was worth pondering on the causes of the French Revolution and worth making efforts not to allow a repetition of those mistakes on

a global scale.

"President Mitterrand spoke
of the economic absurdity where such a small percentage of the world's population con-sumed such a large proportion of the world's resources," the

he followed into Islamahad at the weekend by Mr Eduard Shevardnadze, the Soviet Foreign Minister, who went to Kabul last month. Since then the Soviet finance, defence and planning ministers have been to Kabul to assess the situation as the deadline of February 15 for the final Soviet

Sharansky nomination prompts row

Israel's nomination of Mr Natan Sharansky, the former Soviet dissident, as its UN ambassador sparked controversy yesterday, with analysts warning it could harm delicate relations with Moscow, Renter

reports from Jerusalem.
The potential affront to the Soviet Union was apparently compounded when a Soviet Jewish mathematician who went missing at a Paris confer-ence turned up in Israel on Tuesday as a new immi-

Mubarak assails Israel on Taba

Mr Hosni Mubarak, the Egyptian President, accused Israel yesterday of damaging relations with Cairo for the sake of a hotel at the Sinal seaside resort of Taba, Reuter reports. In Jerusalem, Israel's 12member inner cabinet promised to withdraw from the resort "in a specified and brief period", but only after completing arrangements with Egypt on property ownership and Israell access.

Lebanon peace attempt halted

Six Arab foreign ministers yesterday gave up for the moment libr to solve re constitutional crisis, saying they needed to consult more Lebanese leaders, Reuter

reports from Tunis. Sheikh Sabah al-Ahmed al-Sabah of Kuwait, chairman of the league committee, said Lebanon's two rival prime min-isters and parliamentary speaker remained at odds, mainly over reforms to their country's sectarian-based polit-

Meetings in Pakistan are now consider-ing whether to offer the Shias 80 shure admitted that agreement had not yet been places and two more ministries. However, reached between any of the parties on the shape of an interim government to replace the Soviet-backed Kabul regime. He said that Pakistan and Iran would for Shias. Anti-apartheid talks

On his arrival in Islamabad, Dr Velayati

A GROUP of Afrikaner lawyers and officials of the ANC and National Congress (ANC) guer-rilla organisation yesterday

nary people could understand the law and their rights, Mr Mbeki said.

Two workers were killed and a third was seriously injured yesterday in a blasting acci-dent at a South African platinum mine, the owners said Reuter reports from Johannes

company's Karee mine at Mari-kana, 80km (50 miles) northw-est of Johannesburg.

contracting company carrying out shaft sinking and other work at the mine.

fall

miners, mostly blacks, die in accidents every year. Mining companies deny trade union charges that safety standards

Iranian minister joins Afghan scurrying Indian strikers produce the goods

A GROUP of strikers who have A GROUP of strikers who have been locked out of a Hombay soap and detergent company run by Hindustan Lever (HLL). a Unilever affiliate, have privately developed their swa brand of detergent powder. The detergent, called "Lock Out" is being hawked door-to-door by striking workers and their wives in areas near HLL's Bombay factory, which has been closed by management for the last seven.

agement for the last seven.

months.

The legend on the packing symbolically reads: "Packed with People's Power. Fights Dirt Everywhere."

The detergent venture is the latest episode in a prolonged sags involving the Hindustan Lever Employees Union and the RLL management. Trouble first started at the plant in June 1986 when the previous wage settlement ended and a fresh one had to be drawn up. The union, led by Dr Ditta Samant, a member of parilament and a popular trade union leader who has fought some of the most famous strikes in Indian industry, submitted a 36-point charter of demands most of which were

demands most of which were felt by management to be

Company officials claimed that each anskilled worker would cost HLL Rs7,173 (2273) would cost HIL Rs7,173 (£273) a month if the new charter were accepted. The workers deny this, claiming that they want only a minimum wage of Rs2,590, and point out that wages at HIL are lower than those at Tence, a soap and detergent company owned by Tata, the Indian industrial group.

Negotiations gradually reached a deadlock. The workers' patience wore thin and a series of go-slows, lightning strikes and work stoppages ensued. The management declared a lock-out and issued their own charter (with inst their own charter (with Just nine points), which it insisted every worker had to accept before further negotiations could be held.

As the lock-out entered its sixth month and union funds diminished, a handful of workers hit upon the idea of produ-cing and marketing that own

While an application for a being processed by the Gov-ernment, the workers are buy-ing loose powder from other small-scale manufacturers, packaging and marketing it under their own brand

"Lock Out" has added a new dimension to the Indian labour movement, For the first time, workers have introduced

issue. "We started feeling that we were just cogs in HLL's wheel. HLL has a number of units all over the country. The management increased produc-tion in those ones, and made it clear that they did not need us," says the union's general

nal sympathy; other unions have bought small quantities of "Lock Out". Asked about

Palestinian in the middle of Israeli manoeuvring

Andrew Whitley reports on Feisal al-Husseini

THIS HAS been a strange few days in the life of Mr Feisal al-Husseini, the Palestinian leader and scion of one of the most celebrated local families. Until Sunday, he was sitting in an Israeli jail under accusations of helping to mastermind the Palestinian uprising, or intifada. This week, he has been at the ceotre of a peculiar game of political poker between Mr Yitzhak Rabin, the Israeli Defence Minister, and the Palestine Liberation Organ-isation, on the subject of plans for municipal elections in the occupied territories. So what has Mr Rabin been

up to? Was his solo initiative, as some Palestinians suspect, an attempt to split their ranks and break the intifuda? Or is it a genuine attempt to bring about a real dialogue with the internal opposition?

Until 1948, the al-Husseinis, who claim direct descent from the Prophet, were to the Pales-tinians what the Windsors are the British, For cen each generation of this extended clan of Jerusalemites played a central role in this corner of the Middle East: as mayors of Jerusalem, as the Mufti, the snpreme Moslem dignitary, or else as provincial governors under the Ottomans. They were more than figureheads. Mr Husseini's grandfather led the Palestinian delega-tions to London during the 1920s which pleaded, in vain, with the British to ahandon the Balfour Declaration and Britain's commitment to a Jewish national home. His father,

Mahathir

rival rejoins

ruling party

By Wong Sulong in Kuala

DATUK Mosa Hitam, the former Malaysian deputy Prime Minister, is rejoining the ruling United Malays National

Organisation (Umno). The decisioo is seen as the

most significant political realignment within the Malay

adership since Dr Mahathir

Mohamad narrowly beat off a challenge to his leadership at

the Umno party polls nearly 20

rejoining Umno hecause the Prime Minister had of late soft-

ened his attitude towards his

opponents. Dr Mahathir has

allowed all Malays to join

Umno, restored elected oppo-nents to the party's Supreme

Council and was more tolerant

The current assessment by senior Malay politicians is that because of his heart by-pass operation, Dr Mahathir is

unlikely to want to remain in office beyond his current term, which expires in 1991, and the

63-year-old leader may even step down sooner if his health

deteriorates further. Should Dr Mahathir decide

to step down, the most likely successor at the moment is Mr

Ghafar Baba, 64, his deputy, whose political stature has

been enhanced by engineering a government victory in last

weekeod's by election at

However, observers feel that

Ampang Jaya.

months ago. Datuk Musa said he wa



Husseini: potential card

Abdul Qader, was killed leading Palestinian irregulars against Jewish forces in 1948. Feisal al-Husseini is now enerally acknowledged - by Palestinians as well as Israeli security officials - to be the PLO's top figure still living in That he has not yet been deported to Lebanon, like doz-

ens of other accused instigators of the intifada, says a much about his importance as a potential card for Mr Rabin.
Wheo a draft "declaration of
independence", with hundreds
of names attached, was seized
last July from the offices of his now closed Arab Studies Centre in East Jerusalem, the big, balding Palestinian was simply put back into administrative detention - for the third time in two years.

A few days before his

By Maggle Ford In Seoul

HUNGARY yesterday became the first Eastern bloc country

to establish diplomatic rela-tions with South Korea, while

maintaining links with the

Communist North.
Mr Gyula Horn, the Hungarian State Secretary, also signed

an economic agreement with Mr Shin Dong Wan, the Sooth Korean Vice Foreign Minister,

under which both countries will receive most favoured

Mr Sandor Etre, the Hungar-ian Charge d'Affaires, said at a

news conference that he hoped the agreement would foster

better understanding between North and South Korea. Hun-

gary was convinced that Seoul

wanted to normalise relations

Trade between Hungary and

with Pyongyang, he said.

Hungary sets up in Seoul

administering the occupied ter-ritories, dropped in for a chat. It was, he said, "to get to know the man behind the files".

Speaking in his large villa on the slopes of Jerusalem's Mount of Olives yesterday, Mr Husseini insisted that the only point in common between himself and Mr Rahin was the "elections". His initial qualified endorsement of the Defence Minister's election plan drew implicit criticism from PLO headquarters in Tunis, and he appeared to be backtracking. He now says that what he

release, none other than Mr Shmuel Goren, a former Mos-

sad chief now in charge of

really meant was elections after an Israell withdrawal and not before, something of a non-starter as things stand. As groups of Palestinians trooped in every few minutes to greet him, Mr Husseini was optimistic that the nprising was beginning to bear fruit. in jail had seen many changes on the international scene. In Israel, he noted, an increasing number of senior Labour politicians were calling publicly for talks with the PLO.

But was he himself becoming a cat's-paw for Mr Rabin? There was a pause. The pale grey eyes looked tired. "Someone tried to do such a thing," he replied carefully, "to make some waves on the international scene. My feeling is they are trying to use me and my words. If that's the case, they came to the wrong address."

South Korea was worth \$28m last year, mostly made up of

Sooth Korean exports. Two joint ventures have already been set up and Mr Etre said he expected a strengthening of

economic links this year.
President Roh Tae Woo of South Korea has been invited

to visit Budapest.
North Korea reacted

strongly to the Hungarian decision to set up a permanent mission in Seoul, announced just

before the Olympic Games last year. Its ambassador was with-

drawn and has not been

Mr Etre emphasised yester-

day however that Hungary's attitude to the North had not

changed and that it hoped a

new ambassador would arrive

reach 'consensus'

Velyati: hope for show of maturity

rina organisation yesternay reported broad agreement at a meeting in Zimbabwe on changing South Africa's apart-heid laws, Reuter reports from

About 30 Afrikaner lawyers and 20 ANC officials are attending the five-day confer-ence which began on Tuesday. "It's a meeting of like minds to the extent that everybody is against apartheid and is in favour of ending the apartheid system," Mr Thabo Mbeki, the ANC's information secretary told a press briefing in Harare

yesterday. Mr Mbeki said that there was a consensus that South Africa's land system was unjust and had to be changed and that a Bill of Rights for a post-apartheid period should not be used in order to entrench privilege.

The meeting, seeking to define a role for South African lawyers in fighting apartheid, agreed that the legal system should be simplified so ordi-

A spokesman for Impala Platinum Holdings said the men were working 70 metres (230 feet) underground at the

All three were employed by a

The accident came a day after at least four miners died in a rock fall at a gold mine near Johannesburg. Two were killed last week in a similar

Hundreds of South African

Concern over Namibian indepence plan MR Javier Perez de Cuellar, UN Secretary-General, is con-

"persuade the Mujahideen to co-operate for the future of Afghanistan" and added: "I hope they will show maturity and over-come these difficulties," echoing equally hopeful but ultimately fruitless sentiments

from a string of international visitors before him.

efore him. Mr. Gulbuddin Hekmatyar, one of the

Mr. Gulbuddin Hekmatyar, one of the most extreme of the leaders of the alliance of seven Pakistan-based Afghan resistance groups, has returned from a week's visit to iran where he failed to persuade the predominantly Shia Mujahideen to accept 80 places in the 519 member share (assembly) due to meet on February 10 to select an interim government for Afghanistan.

The Iranian-based Shia guerrillas say they represent 25 per cent of the Afghan

they represent 25 per cent of the Afghan population and thus merit a quarter of the places, as well as more representation in the interim government than the one ministerial position currently proposed.

and the control of th

cerned by a dispute over his Namibla independence plan and fears that nationhood may he held up if it is not soon resolved, his spokesman said yesterday, Reuter reports from the United Nations.

Mr Francois Giuliani said further delay could upset a scheduled Autil 1 de distant for

scheduled April 1 deadline for the start of the biggest UN field operation since it entered the Congo in the 1960s.

Mr. Perez de Cuellar con-veyed his views to delegates from the so-called African frontline states on Monday, Mr Giuliani said.

They are displeased by the UN chief's cost-saving plan for Namibia that would send 4,650 troops to supervise pre-inde-pendence elections, not the

7,500 previously envisaged.

Mr Perez de Cuellar trimmed the budget to \$416m from a first estimate of more than \$700m after the US, the Soviet Union, Britain, France and China said they were unwilling to contribute to the larger bill. Mr Giuliani said it was important to adhere to April 1.

Sudanese cabinet reshuffled

SUDAN's Prime Minister, Mr named to the cabinet. Mr Tur-Sadiq El Mahdi, yesterday abi was also confirmed as Min-to pacify the Democratic to his coalition Government after failing to heal a split between its members.

His choice as new deputy Prime Minister - Mr Hassan El Turabi, leader of the fundamentalist National Islamic Front - may signal the re-in-troduction of Sharia law and makes an early resolution of the civil war unlikely. Six ministers have been

reshuffled and five new ones

Political observers in Khar-toum are interpreting the changes as further strengthening the hand of the hard-line NIF at the expense of the mod-erates. Mr Turabl'a party has made re-introduction of Sharia

law - which prescribes such punishment as amputation of hands for theft - a condition for their continued participation in the coalition.

Unionist Party which left the coalition after Mr El Mahdi, backed by the NIF, refused to give government backing to a peace agreement negotiated by the DUP and the rebel Sudan People's Liberation Movement in Addis Ababa last November. Sharia law, which is presently before parliamentary sub-committee, remains a key obstacle to ending the war.

The changes follow the fall-

Australians fear Japanese buying power

By Chris Sherwell in Sydney

AUSTRALIANS, like a lot of other people in the Pacific region, having been getting ncreasingly anxious about the levels of Japanese investment in their country. Japan has moved to smooth the feathers of those who fear that the Gold Coast and the golf clubs, if not Fosters and Sydney Harbour bridge, are being snapped up hy the region's economic superpower. Mr Sosuke Uno, Japan's For-

Mr Sosike Ono, Japan's For-eign Minister, visiting Austra-lia to sell friendship rather than to buy anything, prom-ised that the Japanese Govern-ment would help to ensure that investment recognised Australian sensitivities and was con-ducted in an "orderly" fashion by investors who were "good corporate citizens". The undertaking was a clear and deliberate response to Aus-tralian political and media con-

cern over the course of Japa-

nese investment Down Under. Japan is a big investor in Australia, and one of Australia's leading trading partners, buying large quantities of its coal, iron ore and beef. But Japan is only about the fifth largest foreign investor in Australia, with its direct investment put at around A\$21bn (£10.4). Japan is not even the biggest investor in Australian real estate - that honour goes to New Zealand - or in tourist

But the figures for Japanese tovestment have increased dramatically over recent years and its businesses have latterly been investing extensively to real estate, and also in the coal, beef and tourist sectors. It is this trend which has become of increasing domestic political importance as it has provoked domestic worries about local land prices and the impact of vertical integration on certain

imum loan of 50,000 cedis a

year at 3 per cent interest (infistion is currently 30 per cent) to be repaid when the graduate receives employment.

commodity prices. Much of the concern has contained disturb-ing racist overtones which are rarely present with European or North American investment. For its part the Canberra Government, having opened up the economy to international market forces over the past six years, is reluctant to tighten its remaining restrictions on foreign investment, now confined largely to broadcasting, aviation and residential real

Equally it would like to see more foreign investment in tourism and the relatively neglected manufacturing sec-tor, rather than to more speculative or strategic areas. At a press conference given with Senator Gareth Evans, Australia's Foreign Minister, Mr Uno said it was "the basic bedrock" that Japanese investors should become "good citi-zens in the community". The

added, "has to have a good check that investment is con-ducted in an orderly fashion". Senator Evans, welcoming Mr Uno's remarks, spoke of the Japanese-Australia relation-ship having "the feel about it of a new beginning". He later told Australian journalists that the investment question had had the potential a few months ago to become a significant bilateral issue, but "I think it's been effectively defused".

He did not expect Tokyo to lay down detailed investment ground rules, but pointed to the new sensitivity on Japan's part. He affirmed there was no inclination. inclination by Canberra to establish land ownership registers or other regulations. These, he said, were potential distincentives to investment "and that's about the last thing the Australian economy

itime, workers have introduced a product which competes with one being manufactured by their employers during a period of sgitation.

"The question of loyalty to HLL did come up, but in the end, it is a question of survival," says one worker. The management's stiffening attitude apparently clinched the issue. "We started feeling that we were just costs in HLL's secretary. In a demonstration of frater-

the new product, an HLL spokesman commented: "We wish them luck. Now they will learn how difficult it is to manufacture, sell and make a profit in a highly competitive market."

Took Out will never seriously challenge HLL's sales of Rs6.34bn, however, Less than three tonnes of the workers detergent have been sold since its introduction two weeks

Books gather dust as Ghana grapples with education

William Keeling, in Accra, reports on the problems of university funding in the Third World

During the past few weeks, there has been a quiet realignment among Malay politicians and Dr Mahathir's recent illness has hastened the process. HE bookshop at the University of Ghana, Legon, is the best in the country. The stock ranges from Cicero to Chinua Achebe, Tris-tram Shandy rubs shoulders with Lord Emsworth of Bland-

ings.
Sad, indeed, that conspicuously scarce are the students for whom these books were intended. Six months ago they protested at their food allowance, 51 cedis (\$0.17) a day, at which the Government closed the university. It is to be reopened in February under a revised funding programme which is intended to solve the impossible problem of university finance, a situation now defined by one of the shop's untouched volumes. Rub away the gathering dust and the title

emerges: Catch 22 The university began life as the University College of the Gold Coast in 1948 with degrees and diplomas awarded by the University of London: a student population of 5,000 was envisaged but residential constraints have limited that number to 3,800.

The fortunes of the university have tended to coincide with the state of the national economy, both hitting an all time low in 1963 when educatime low in 1983 when educa-tion spending accounted for just 1 per cent of GDP. That year also marked the undertak-ing by the Government of Fit-Lieut Jerry Rawlings of a Structural Adjustment Pro-gramme (SAP) and the statisti-cal reverse of economic decline. The effect on the management of the university has been progressively more direct. Since 1983 Ghana has received over \$3bn of interna-tional aid and, with more money in the system, the Uni-

versity has benefited. Depart-

mental staffing levels in 1985

were at 50 per cent while now, bar three or four exceptions, they are up to strength. it was not until 1987, however, that the technocrats

One proposal has been to undereducate students so they are of use in the development of the nation but not overseas behind SAP concentrated their minds on the financing of tertiary education. Donor organisations withheld their grants in anticipation of the reforms package and with a histus to essential finances the student protest gave the authorities the

necessary excuse to shut the university The previous system provided free accommodation, the miserly feeding allowance and an annual book loan of 5,000 cedis. Replacing this is a students' loan scheme with a max-

With accommodation still ing paid for the students study would appear to be better financed. The National Union of Ghansian Students has, however, condemned the loan as being "grossly inadequate" on the one hand while questioning their ability to repay the loan from a monthly salary of the first-time employed averaging 10,000

This is the dilemma of education in developing countries; its price is not substantially

The continuing low wage level is the primary concern of SAP's designers and fuel for its critics. It acts to undermine the hope of the Ministry of Education that work-study schemes might help alleviate the new financial burden imposed on students. Mr Akilagpa Sawyerr, the vice-chan-cellor of the university, points ont that "even those in full employment don't save enough to do anything with. How can students work for half a year

and save enough to live on?

remuneration for is only a fraction.

less than that of their devel-oped counterparts, books and equipment cost the same, but but they insist on repeating it. It's a hit of a ritual." Another suggestion is to make parents hear more of the cost but this presupposes that the older generation has access to funds which their offspring do not be suggested. numeration for the qualified do not. A study of the sister-University of Science and Technology in Kumasi showed that 70 per cent of the students were the children of farmers, junior civil servants or small traders whose incomes could never support a dependent through higher education. As Mr Sawyerr Indicates,

We've told them [the ministry]

"when you are paying a lec-turer 10,000 cedis, you camot ask him to pay for his child at university. At around 10,000 cedis it doesn't make sense." As if paying for the system were not enough, once educated many graduates leave the country for the lusher pas-tures of the West.

One controversial proposal has been to undereducate structure for the structure of use in the development of the nation but unqualified in terms of employment overseas. Most academics find the them morally repugnant and stress that the long-term dangers of lowering—quality will be greater reliance on the technological knowhow of developed countries.

logical knowhow of developed countries.

With a buoyant economy the education reforms would with a treat but with a near sabilitience wage level prevainnt they rely on weak foundations. This might be enectively tackled if only the economic units were not human beings for the university to be castless fective Mr Sewyerr would have to evict an army of estical workers, yet to receive their end-of-service benefits, from scarce university accommodition. don.

by returning to Umno, Datuk Musa is also making himself available for high office should the opportunity arise. He recently consolidated his grip in his influeotial home state of Johore, a traditional Umno

CHAMPAGNE AND APLOMB.

Our new intercontinental business class, Club World, is dedicated to those of you who prefer to eat from Royal Doulton china; to drink fine champagne served with true British aplomb; and to recharge your batteries in an ideal environment.





Canadian reshuffle may delay naval deal

By David Owen in Ottawa

BRITISH and French groups in the running for a lucrative con-tract to supply Canada with a nuclear-propelled submarine design face further delays following the reassignment to health and welfare department from the defence portfolio of Mr Perrin Beatty in this week's Cabinet reshuffle.

Canada was originally due to decide between the British Trafalgar and the French Rubis-Amethyste class vessele more than 10 months ago. The overall cost of the project is put at C\$8bn (\$6.78bn). Fresh delays could spring

from two sources in the wake of the reshuffle and attendant restructuring of the cabinet's expenditure approval process. First, Mr William McKnight Mr Beatty's replacement, will need time to acquaint himself with his new portfolio. An unknown quantity in defence-related matters, Mr McKnight

(a farmer) previously served in the ministries of labour and Indian affairs. Second, and potentially more serious, it eeems that the expenditure plans of all ministries are to be subjected to an immediate pre-hudget review, as the government assesses

how best to commence its anticipated assault on the fed-Prime Minister Brian Mulroney and Mr Michael Wilson. his reappointed finance minis ter, are under considerable pressure to make inroads into the federal budget deficit, running at close to C\$30bn a year,

in the early stages of Mr Mul-roney's second term. Defence spending - targeted to rise by at least 2 per cent a year in real terms for 15 years in the 1987 defence white paper (draft law) - is widely seen as particularly vulnerable to

pruning Advocates of this school cite Mr Beatty's transfer, the politi-cal risks associated with tax increases or welfare cuts, and the current spirit of east-west detente in support of their line of reasoning.

Indeed, opponents of the submarine programme, with a broad selection of the Canadian national press, have hailed Mr McKnight's appointment as the death knell of the nuclear-powered option.

Diet of dollar and debt expected on G7 menu

Peter Norman examines the issues likely to arise at this week's meeting of senior finance ministers

7 HEN the US Treasury first suggested an early meeting of the Group of Seven leading industrial countries with the new Bush administration, it envisaged an informal "getting to know you" session to continue the process of eco-nomic policy co-operation.

When the finance ministers and central bankers of the US, Japan, West Germany, France, Britain, Italy and Canada meet in Washington for dinner tonight and talks tomorrow. they will have more critical issues on the menu.

Although the G7 talks are billed as low key and senior officials have warned that no communique will be issued, the US wants the meeting to discuss the question of Third World debt and the strength of the dollar will almost certainly be discussed. One of the most important items on the agenda will be what Mr Nicholas Brady, the US Treasury, says about the US's budget plans and the debt problem in Latin America. The US, conscious the crisis is being managed

Leading US

slight growth

By Anthony Harris in

indicators show

THE US composite index of leading indicators rose by 0.6

per cent in December, reversing a 0.2 per cent fall in the previous month, the Com-

merce Department announced The rise, exactly in line with

expectations, had no impact on

the markets. It is slightly

weaker than the coincident index, 0.7 per cent up, which is in turn slightly weaker than the lagging indicator. This is in line with other indications

of continued, hat slightly

slower economic growth.

The major factor in December was the rise in Wall Street

prices, and it is clear that Wall

Street will make a hig positive contribution to the January

index as well. This strong per-

formance partly reflects the

return to the equity market of small investors who have traded little since the market

The second strong positive factor was an increase in

orders for consumer goods,

already recorded in the monthly statistics. It is not yet

clear whether this will be sus-

tained: after a reported strong

start to the holiday retail sea

short of expectations.

son, sales in many markets fell

crash of October 1987.

successfully but is still unsolved after more than six years, appears keen to promote debt reduction through mar-

ket oriented methods.

A potentially more disruptive element is the recent movement of the dollar and interest rates. The surprising strength of the US economy and US dollar'e recovery since the lows after President Bush'e election have thrust counter-inflationary concerns to the fore in the US and West Ger-many, raising doubts whether the seven can maintain the credibility of

their policy of currency stability.

The dollar has been fluctuating since the G7 met last September. It was unexpectedly strong then; nndg-ing DM1.88 and Y134.50, raising fears among America's trading partners that the hoped-for correction of the huge US balance of payments deficit and the West German and Japanese surpluses would grind to a halt.

After a ebarp dscline which brought the dollar down to around DM1.72 and Y122 in mid-November, it has since recovered, gaining about 9

per cent against the I-mark and 7 per cent against the Japanese yen.

The dollar'e gyrations have been contained by central bank intervention. But the patterns of intervention have shown different priorities among the G7 countries. Japan, for example, intervened heavily to sustain the dollar in November when the Bundeshaph was less conversed. As the dollar in successions were also as the dollar in the conversed of the sundeshaph was less conversed.

bank was less concerned. As the dol-lar has risen, testing last September's highs against the D-Mark, West Germany has shown most alarm, leading concerted dollar selling sprees with other central banks, but not the Bank he intervention pattern, how-ever, also reflects different pri-

Japan and the US. Japan fretted for its export industry as the dollar tum-bled while West Germany was rela-tively unconcerned, reasoning that it would gain in its fight against infla-tion. As the dollar has risen, Japan has been slow to see an inflationary danger, while the West German Bund-

esbank has raised its key interest espank has raised his key interest rates twice in the past two months.

There is a risk that West German and US central bank policies will be incompatible. Mr Alan Greenspan, the US Federal Reserve Board chairman, is a committed inflation fighter. He has engineered a tightening of US monetary policy, lifting the Federal Funds rate, at which US banks bor-row and lend to each other, hy around

2% percentage points to 9% per cent since the spring. Mr Greenspan also promises to hold the US economy's growth at non-infla-tionary levels. Such policies raise the spectre of rising interest rates which could choke off world growth. A slanging match is not expected between the Bundesbank and the Fed in Washington. The central bankers

are more likely to round on the assembled finance ministers and urge them to put their fiscal houses in order. They argue that the strains in the G7 show monetary policy is carry-ing too great a burden by demands to

tion, economic growth and a reduction in current account imbalances.

The US in particular, will come under pressure to disclose how President Bush proposes to reduce the US deficit to its \$100hm (£51hm) target in the fiscal year ending September 1990 the fiscal year ending September 1990 from the \$161lm now expected this fiscal year. Mr Bush'e budget plans are to be announced on February 9. The US in turn will prohably demand action from West Germany and Japan to pare their current account surpluses. Mr David Mulford, the US Treasury undersecretary, said last week that additional policy mea-sures were needed in both the deficit

and surplus countries.

Such issues created discord among the G7 in 1987 and may have helped trigger the October Stock Market crash. But the US and its partners have learned not to row in public again. By not issuing a statement after this week'e talks, they are taking precautions to keep the most controversial items on the G7 agenda out



Mulford: his self-confidence sometimes ruffles others

While the review of US debt policies has not been com-pleted, Mr Mulford has said the outlines of the Baker plan are likely to be endorsed with a case-by-case approach, the encouragement of voluntary debt reduction, debt-equity swaps, the continued involve-ment of commercial banks to secure further lending and action to reverse capital flight. In practice, the US adminis-tration has taken a leading role in these discussions, notably in Central and South America. Mr Mulford sees the US Treasury as playing "a critical catalytic role" in encouraging market-

based solutions.

He claims this does not mean pushing aside the Inter-

national Monetary Fund since the US does not aspire to arrange standby credits or to monitor performance. Yet, for political as much as financial reasons, the first stop in Washington of many of the

Latin American debtor countries is Mr Mulford's office at the US Treasury. The US has taken a sceptical view of a possible increase in IMF quotas, arguing it already hae substantial unused

Mr Mulford has at times ruffled the susceptibilities of others by his self-confidence in negotiations. But no one dis-

putes his experience or com-

mitment to the recent US activ-

Contra supporter appointed to US post

By Lionel Barber in

PRESIDENT Bush has selected Mr Bernard Aronson, a Demo-crat supporter of the Nicaraguan Contra rebels, to be the state department'e chief Latin America policy maker.

Mr Aronson was the per_....

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T (BETTER)

sonal choice of Mr James Baker, US Secretary of State, whose goal is to forge a biparti-san approach with Congress on Central America and Nicaragua, arguably the most divisive foreign policy issue for the new Administration.

Administration.

The appointment may find favour among Democrats and Republicans but may disappoint Latin American countries which have long argued that Central America has preoccupied the US at the expense of the least of the hamistrans. of the rest of the hemisphere. Mr Aronson, a former speech writer for President Carter, will replace Mr Elliott Abrams, a combative Republican lawyer who alienated many congressional Democrats by supporting a covert policy of arming the Contras in an attempt to

overthrow the Sandinista government.

Mr Baker has indicated he does not intend to request further military aid for the Con-tras for the moment and is prepared to consider diplomacy in the region. But the nomination of Mr Aronson sends a mixed

signal.

While he is considered a liberal democrat, Mr Aronson became an outspoken supporter of Contra aid in the final years of the Reagan administration, arguing that Sandinista internal repression justified US military support

for the opposition. So far the Bush administra-tion's pledge to consult with Congress on foreign policy has drawn a positive response from Democrats. This week, Mr Jim Wright, House speaker, said he would shelve a bill requiring White House notification of covert operations within 48 hours. The bill stemmed from the Iran-Contra scandal in

• Mr James Lilley, a veteran diplomat, CIA official and friend of Mr Bush is expected to be US ambassador to China. Mr Lilley, 60, was born in China, and was most recently ambassador to South Korea.

The steady helmsman who steers US Treasury team

Peter Riddell profiles ex-banker David Mulford

assemble in Washington tonight to review progress in policy co-ordination, one of the participants will be reflecting, with satisfaction, on the shift in the US approach since the early Reagan hands-off days.

Mr David Mulford, recently promoted from assistant to under secretary for internaunder secretary for interna-tional affairs, has been one of the few constants in the rap-idly changing team of senior

US Treasury officials. Recruited in early 1984 by Mr Donald Regan, he was promi-nent in the move towards a more activist international role for the US initiated by Mr James Baker in 1985-86 and carried on now by Mr Nicholas

A strong defender of the G7 process, Mr Malford sees the US playing a prominent part in all key international economic issues - the adjustment of imbalances between the industrialised countries, the debt problems of the Third World, and trade issues, especially with newly industrialised A dapper 51-year-old, he

S THE ministers of the Group of Seven industrialised countries assemble in Washington gained international experience from studies in Oxford and Northern Rhodesia, as a banker with White Weld (in its pre-Merrill Lynch daye), and serving from 1974 to 1984 as senior investment adviser for the Saudi Arabian Monetary

> in the latter role Mr Mulford became closely involved in the politics of international finance since delicate negotiations were involved with governments in arranging large-scale investments. When he arrived at the Trea-

sury five years ago it was still the days of "example setting and strong leadership" to show the appeal and effectiveness of the Reagan approach to the economy. Mr Mulford now acknowledges it was a mistake to wait too long before returning to a co-operative stance.
It took a long time to change the distortions which devel-oped during the early 1980s. The current co-ordination process of the G7 countries started following the Plaza accord of 1985 and was clarified at the Venice heads of government summit in June 1987.

Mr Mulford favours a regular series of meetings – not least

in having commonly accepted and compatible economic data to discuss. While the markets have naturally focused on the implications of these meetings for currency movements, Mr Mulford regards agreeme medium-term objectives to reduce imbalances as more

To him, the emphasis on co-ordination was vindicated at the end of 1987 when a series of far-reaching fiscal and monetary policy changes were agreed over six weeks without a formal meeting.

This week's meeting is about keeping up the adjustment pro-cess. While all the participants are talking about routine discussions, there will be calls for additional policy measures if imbalances are to be reduced. Without action by the sur-plus countries, it is possible that as the US Federal Budget deficit is reduced, there might be upward pressure on the dol-lar, pushing up the trade defi-cit, benefiting the surplus countries and further weaken-

ing the US.

The other side of the greater US Government activism since the early 1980s has concerned international debt problems.

WORLD TRADE NEWS

Commission to probe Chinese silicon exports

US puts punitive tariffs

on \$100m EC exports

THE focus of the transatlantic food trade war yesterday switched to next week's Geneva council meeting of members of the General Agreements Transition on US food imports, in

By William Dawkins in Brussels

THE European Commission by trading companies in Hong yesterday launched an inquiry into alleged under-pricing of silicon metal exported from China through the British colony of Hong Kong.
This is the seventh EC anti-

dumping case against products from Hong Kong over the past 15 months and involves a material in widespread use in the car and electronics industries. It is used as an alloy for electrical insulation, engine casings

and sealant.

The action was triggered by a complaint from the European Community's only five producers of the metal in Italy, France, Spain and West Germany, who maintain that their the EC market grew by 14.5 per Chinese competitors, abetted cent to 197,000 tonnes.

By David Buchan in Brussels

ment on Tariffs and Trade (Gatt), after the US imposed

punitive tariffe on almost \$100m of EC food imports. Tha Community had already complained to the Gatt council about the immediate American

decision to retaliate against

the Community's ban on bor-mone-treated meat from the US imposed on January 1. The US gave Community exporters a month's grace for food shipped

Yesterday this grace period expired and, despite EC

appeals for a prolongation. Washington put 100 per cent

duties on certain typee and quantities of European pork,

Kong, were artificially cutting prices to gain market share in the EC.

Their trade body, the Liaison Committee of European Ferro-Alloy Producers, maintains that Chinese producers have been selling in the EC at down to 29 per cent below the equivalent price on their own home

Ae a result, imports from China and Hong Kong grew from nothing in 1985 to take an 8 per cent share of EC consumption in the first eix months of last year.

This was over a period when

Foreign ministers of the

22 to consider counter-retalia-tion on US food imports, in the

light of the February 8 Gatt council's deliberations on the

European complaint that the

US action infringes Gatt rules, a Commission spokesman said

EC ministers have decided

yesterday.

threat to **EC** textile industries

By Alice Rawsthorn

changes for textiles and cloth-ing after 1992 is likely to be the replacement of the existing system of national textile quo-tas – negotiated under the Multi-Fibre Arrangement – hy

ket more easily accessible to textile producers outside the

benefit the European compa-nies which source textiles and clothing in other non-EC com-tries. The West German textile industry has developed highly sfficient eystems of overseas sourcing. Similarly, French companies source increasingly from North Africa and UK companies from the Far East.

that any counter-retaliation will take the form of 100 per cent duties on US dried fruit and nut imports worth around \$100m a year. faster flow of goods within the Community. Abolition of trading obstacles, such as border controle, should make it quicker and cheaper to move No significant direct negotiations seem to be taking place between Brussels and Wasbington, with both sides waiting for the outcome in Gatt and for signs of weakness in the oth-er's position.

ship goods from tany to west Germany. 1992: Implications for the EC Textile and Clothing Industry, Charbel Ackermann and John Lindquist; Textile Outlook International (No 21), EIU, 40 Duke Street, London WIA 1DW;

1992 poses | US trade armoury gets a 'crowbar'

Peter Riddell on Washington's aggressive pledge on protectionism

HEN Mrs Carla Hills, the new US Trade Representative, promised to use "a crowbar" to pry open markets for US goods, she was vividly summing up the approach and mood of the new administration and Con-

It is still the time for strong words with no hint of conces-sions – either on bilateral trade issues or on the stalled Uruguay Round negotiations.

During the past two weeks' confirmation hearings for the Bush administration's economic team, senator after sena-tor bas urged aggressiveness and firmness, towards both Mrs Hills and Mr Robert Mosbacher, the Commerce Secre-

tary designate.
Senators of both parties have pressed for a willingness to retaliate against alleged unfair trade practices overseas, nota-hly via the provisions of last year'e Omnibus Trade Act - known as euper 301 priori-ties - for unilateral action in cases of extreme protectionism.
Mrs Hills said that while "retaliation cannot be the goal of our policy, the credible threat of retaliation provides essential leverage in our market-opening efforts. Thus, actual retaliation will be used, albeit reluctantly, to preserve the credibility of the threat." Sbe talked of "aggressive implementation" of alternative tools such as unilateral super

301 retaliatory action.

The administration will have to decide over the next few months what will be classed as priority countries under this

provision and what action should be taken.

On specific issues, Mrs Hills referred to US concern over alleged Japanese failure to open up its home market to US semi-conductors (an issue likely to be raised during the visit in Washington today and tomorrow of Mr Noboru Tak-eshita, the Japanese Prime

Minister).

She also distanced herself from the Defence Department's decision to co-develop an advanced fighter aircraft, the

FSX, with Japan.

Mrs Hills said the US was "very troubled" over government subsidies, especially from West Germany to the European Airbus project. She described this as a top priority and referred to "some very strong unilateral tools that we can use in these sorts of cir-cumstances, and we will seri-ously consider them if our hilateral negotiations do not

Mrs Hills gave nothing away in her comments - confirm-ing the US belief that the Uruguay Round talks cannot be successful without dealing with trade distorting agricul-tural subsidies, intellectual property, textiles and safe-



Carla Hills: tough stance

Considerable sensitivity has been expressed in all the hear-ings by senators and by nomi-nees on the implications of the creation of Europe's barrier-free internal market in 1992. At present, it is mainly

apprehension — noting, as Mrs Hills did — the substantial opportunity offered to US exporters and investors and urging vigilance to ensure that the lowering of barriers within the European Community does the European Community does not lead to the erection of new barriers against non EC mem-So, at present, the US

emphasis is still on persuasion, with the stick kept in the back-ground. But the words are strong, particularly in relation to talk of reciprocal action in



certain sensitive areas. This has arisen recently in relation to plans for a US electronics consortium to develop high definition television.

Mr Mosbacher said in his testingury he fewcured more consortium to consortium to consortium to develop high definition television. timony he favoured more co-operative ventures between the Federal government and US companies to accelerate the development of high technol-

ogy projects.
This has raised problems in the past over antitrust laws which, he acknowledged, "put our firms at a distinct disad-

vantage from an international competitiveness point of view."
These hearings have under-lined the current restiveness in the administration not only over the size of the trade deficit and what are seen as pro-

explore Soviet ventures

By Laura Blumenfeld in Jerusalem

ISRAELI businessmen are expected to John a group of Western European industrial-ists on a trip to the Soviet Union in the coming months to look into joint ventures with Soviet companies.

. A Soviet-Swiss company set up to promote East-West eco-nomic co-operation extended an invitation last week to. 15 Israeli entrepreneurs to partici-

Link, a Zurich-based com-pany, is interested in investments and know-how related to construction, industrial machinery, textiles and agri-culture. It plans to help arrange finance and act as bro-ker in negotiations between

the Western companies and Soviet authorities. Next month, Soviet and Swiss representatives of the company will organise a symposium in Israel for those interested in investing in the USSR.

Mr Moshe Eilat, Link's representative in Israel, emphasised: "As far as Russia is concerned. also more generally over the competitive position of US industry.

As far as kussia is concerned, they are not dealing with Israel hut rather with Western Europe. We are proceeding with caution."

Japan becomes big market for West European linen

that Japan has become the sec-ond largest export market after the US and the consumer of more than 15 per cent of West European output, Ian Rodger reports from Tokyo.

This has happened because of the growing interest of Japa-nese garment makers and con-eumers in linen clothing, according to Mr Bob Franck of International Linen, the prom-International Linen, the promotional office for linen in the UK and Ireland.

trade, hoping to increase its sales in the Japanese market by 50 per cent in the next 10

thing that will save the Japa-nese textile industry is to trade up." Mr Franck said.

Success would be good news for regions such as Northern Ireland, northern Scotland and

West European linen has established itself in the Japa-nese market as a quality prod-uct, beating exports from more

By John Elliott in Hong Kong

A330 airliner has edged ahead of McDonnell-Donglas's stretched MD-11 for an order worth at least \$1bn (£555m), and possibly in excess of \$2bn, from Cathay Pacific Airways, Hong Kong's main airline.

from the British Government to buy Rolls-Royce-powered

TriStars rather than GE-pow-Tristars rather than GE-powered DC-10s. This is the most important re-equipping decision to he made for many years by the airline which says it will fund the purchases from cash reserves created partly by sale and leaseback of existing aircraft.

in June, two months late, and

TriStars, which it is expanding to 16 or 18 with purchases at

ovation costs. in 1987, Cathay was planning to replace the 10 Tristars it was then flying on regional routes with 747s. But the 747s were needed on inter-continental routes, so it has been expanding the Tristar

Boeing has offered a variety

First Malaysian cars exported to UK

Malaysian cars have left Port Klang bound for the UK market, writes Wong Sulong in Kuala Lumpur. The manufacturer hopes to export between owned by the Government and 30 per cent by Mitsubishi 6.000 and 7,000 Proton Saga 30 per cent by Mitsubishi.

THE European Community's textile and clothing industries may face increased competition from Turkey, China and Hong Kong after introduction of the single market in 1992, according to a report.

One of the most important changes for textiles and cloth-

Community-wide quotas.

The report, prepared by the Boston Consulting Group for the Economist Intelligence Unit, argues that the introduction of Community-wide quotas will make the European mar-

textile producers outside the Community.

Greece, Spain and Portugal

which at present have relatively low levels of import penetration — may he most vulnerable. Although West Germany and the UK, where imports are already well established and some quotas are full, could also suffer from the "diversion" of goods from other markets.

Conversely, the ease of access to the Community may benefit the European compa-

The European industry should also benefit from the

quicker and cheaper to move goods from country to country. The main benefit for the European industry should be the increased speed of trans-port. After 1992 it will take about 36 bours, against the present four or five days, to ship goods from Italy to West Germany

industry has suddenly realised that Japan has become the sec-

Now, the industry is about to launch a hig promotion cam-paign in Japan, both among consumers and in the garment

The Japanese garment indus-

THE West European linen try is under increasing pres sure from imports from Chins, South Korea and other East Acian countries. "The only

northern France. Sales have declined in Europe so the rise in Japanese demand has already belped. Mr Franck

substantial production centres in Eastern Europe and China. Last year, West European exports of linen yarn reached 5,000 tonnes while exports of fabric were 500 tonnes.

Airbus ahead in bid for HK deal

AIRBUS INDUSTRIE'S planned

Hong Kong's main airline.

Cathay is expected to decide in March on the order, which will be for 12 aircraft plus 12 options to replace ageing Tristars from 1993 onwards. The airline will then choose between engines from Rolls-Royce, General Electric, and Pratt and Whitney.

All three companies make engines for both the A330 and MD-11 and have been told by Cathay that they all have a chance, despite Cathay's decision in 1974 to bow to pressure from the British Government

craft.

At present, it has 16 Boeing 747s of various configurations and is buying four of the new 747-400 series with an option on five more. But these 460s are delayed, along with Boeing's deliveries to other airlines. Cathay was told by Boeing that the first aircraft will arrive late in June, two months late and At present, it has 16 Boeing of replacement options for the TriStars, inclinding various versions of the 767 and 747. But it seems unlikely to be able to produce an adequate design quickly enough, so is no longer at the first aircraft will arrive late in June, two months late, and he second five months late in October.

Cathay also has a fleet of 14 TriStars, which it is expanding

the second five months late in

three-engine stretched longer-range 370-380-seat MD-11s.

AMERICAN NEWS

Peru devalues currency and raises prices

By Veronica Barutlati in Lima

SRUARY 2199

itra

porter

ister, announced a series of corrective economic measures "to reassure investors and the

public in general".

Mr Rivas said that the official rate for the currency, the inti. would be devalued from: 700 to 920 to the dollar, though the central bank later amended this to 950. Fuel and basic food prices have been increased an average 30 per cent, and minimum wages 20 per cent.

Monthly devaluation and the

monthly devaluation and the price increases will become progressively smaller each month so that by June "infation will have dropped drastically without reducing the productive capacity of the country. We will maintain our international reserves while at international reserves while at the same time reducing our fis-cal deficit," said Mr Rivas. If, however, the calculations did not work out as planned,

"corrective measures". Mr Rivas stressed that the measures formed part of the Government's economic programme begun last September, aimed at "disciplining tha economy and reducing inflation. . we have to reverse the negative tendency of the balance of payments and provide an incentive for exports," Mr Rivas said.

hesitate in introducing more

Since September, the Gov-ernment has managed to

IN A brief broadcast on reduce the monthly subsidies from \$125m to \$30m per month, ila, the Peruvian Finance Minim reduce imports and in double its income, "indicating a more efficient administration and better tax collection".

Mr Humberto Carranza, president of the American Popular Revolutionary Alliance parlia-Revolutionary Alliance partia-mentary group, said the Gov-ernment had consulted the party leadership befora amouncing the measures and that the party had given its full support to Mr. Rivas. President Alan Garcia left for Venezuela amid protests.

for Venezuela amid protests against the measures which have been accused of being "mere lists of price increases."

Both left and right-wing opposition parties have deplored the absence of a plan to tackle the problem of boosting exports, creating jobs, and patting an end to the central bank's indiscriminate printing of money. for Venezuela amid protests

bank's monacriminate printing of money.
Exporters complain that they will lose out because they have to buy their input at the street dollar rate which is still more than double the new devalued rate of 950 intis per dollar which they receive for their exports. their exports.

Before the latest measures

the nurchasing power of Peruvians had dropped 70 per cent since last September when the Government introduced its first measures. The new price increases are expected in trig-ger off another round of wage demands and industrial unrest.

UK NEWS

Chip makers come closer to market |SES expected to

Terry Dodsworth looks at investment by semiconductor companies

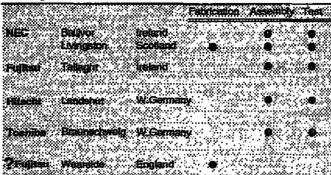
he predilection of Japa-nese companies to think long-term could hardly be better illustrated than their approach to European semiconductor manufacturing.

Arriving in Europe much later than the Americans, the Japanese have had an uphill struggle to establish them-selves. But they have invested steadily, built up their distribution networks, gradually put down assembly and test plants, and are now moving into the hyper-expensive business of water fabrication.

It seems likely that Europe can expect to see two distinct elements in this expansion. In the first case, the big four Japanese samiconductor compa-nes - NEC, Hitachi, Toshiba and Fujitsu - will all establish wafer fabrication plants to complement their present assembly facilities. NEC has already done this, with a facil-ity at Livingston in Scotland; the rest are now expected to follow suit over the next four

Second, a number of second division Japanese producers, such as Sony and Seiko-Epson, will prohably move into Europe by doing deals with local companies industry executives say there are extensive talks going on currently with a view to giving these groups manufacturing facilities in European-owned plants in return for access by the European companies to the Japa-

The significance of the current emphasis on water tabs, as they are known in the industry, is that they are the most crucial element in the semiconductor manufacturing Japanese semiconductor plants in Europe



the equipment which process wafers of silicon on which the individual semiconductors are etched before being sliced up into separate chips.

They are extremely difficult

to run because of the need to eliminate impurities in the air and material supplies. And they are exceedingly expensive - \$100m is now a minimum for a plant of moderate volume, and companies are thinking increasingly in terms of around \$300m for the next generation of facilities.

Most of the American semi-

conductor companies - the big exception is Intel, the Californian microprocessor group -already have substantial water fahrication operations in Europe. This is a sign of the strength of the US companies in the European market, where Texas Instruments and Motorola figure as the third and fourth largest suppliers. These gronps have consistently stressed the need to invest close to their users.

The Japanese are now being influenced by similar consider-

ations of proximity to the market. But in their case, the issue has heen made much more urgent by the moves towards European market integration

in 1932.

The 1992 programme has forced the Japanese to think more aggressively ahont expansion in Europe, and probably speed up their plans for wafer production. Because of the expense of building fabrication plants, it is hard to make a purely economic argument a purely economic argument for establishing them at the sort of volumes the Japanese companies are now generating indeed, this the reason why Intel has not yet decided to start European manufacturing. But the larger Japanese groups now seem to have swung behind the idea that then need to have vertically integrated operations up and running in

the European Community before the trade barriers come tumbling down in 1992. Additional urgency was given to this line of thinking by the European Commission's plans to insist that semicon-

ductors are fabricated (or diffused, as the process is some-times known) locally to qualify as European under the EC origin rules.

These proposals, announced in early January, are due to be adopted by the Commission in the next few weeks. They will put considerable pressure on semiconductor suppliers via the manufacturers who use the chips in products such as printers, copiers and televisions.

In an increasing number of these product areas, manufac-turers are now being attacked by the Commission for running "screwdriver" plants in Europe where less than 60 per cent of the finished product is made from imported components. These producers now despar-ately need to use semiconductors that qualify as fully European because thesa components make up such a large percentage of the finished price.

"The only cast-iron way of getting true acceptance in Europe is to have a plant here," says Mr Jim Beveridge, a Dataquest analyst in London. Texas instruments, the big US group which recently announced a \$250m investment in a fabrication plant in Italy its third in Europe - says that the decision was influenced hy its aim to supply as much of its European requirements as possible from European sources.

Mr Beveridge argues that a third element has now entered the thinking of the Japanes This is the conviction that the European market is set to grow. Last year, semiconductor sales in Europe rose by 31 per cent against 25 per cent in the US and 13 per cent in Japan all in local currency terms.

second satellite By Raymond Snoddy THE BOARD of SES, the Luxembourg company behind the Astra television satellite is MR Nell Kinnock, Labour leader, last night sacked Mr Anstin Mitchell, a member expected to decide at a meeting of Labour's trade and industomorrow to buy a second comtry team, apparently over his association with Mr Rupert Murdoch's new Sky satellite pleted 16-channel television from GE Astro, the US satellite manufacturer.

decide on buying

if the deal proceeds it will mean that SES will be capable within about 15 months of hroadcasting 32 television Charles Hodgson. channels across the UK and most of Western Europe.

Because the second satellite

would be placed in the same orbit as Astra, the television satellite successfully launched in December, all channels could be picked up on a single satellite dish receiver. Mr Rupert Murdoch, chief

executive of News Interna-tional, will launch four of his six Sky Television channels on Astra on Sunday. Investors in SES, a private

company, include financial institutions from Luxembourg and West Germany, and three British independent television

companies. The company, which has already launched Europe's first private television satellite has signed heads of agreement with GE Astro, the former RCA satellite company for a new satellite which could he launched in the middle of 1991.

SES bas, however, also been offered an existing television satellite no longer wanted hy its American client. It is thought that this could be con-verted for European use and launched by the middle of next

This would turn Astra in a 22-channel system only a year after British Satellite Broadcasting launches its three - channel satellite service in the UK.

The Luxembourg Govern-ment is keen to launch a back-up satellite for Astra as soon as possible and other investors are keen to consolidate their strength in the Eurotelevision channel, writes

A spokesman for the Labour leader declined any clarification, beyond confir mation that the dismissal had nothing to do with Mr Mitchell's parliamentary

performance.
Mr Mitchell said he had been summoned by Mr Kinnock, told that his agreement to co-host a twice-weekly programme for Sky was "incompatible" with his role as a spokesman and asked to resign. He refused to quit and invited Mr Kinnock to sack him.

pean satellite market. Buying an existing satellite could also have considerable cost advantages.

The extra satellite capacity could be used to hroadcast spe-cialist cable television channels from the US and possibly even a public affairs channels

broadcasting Parliament live.
A decision by SES to move
to a 32-channel system within the next 12 months could have implications for BSB's chances of raising its main tranche of

BSB shareholders, which include Bond Corporation, Granada, Pearson, publishers of the Financial Times, and Reed International, are committed to investing £353.5m. Subject to market conditions BSB intends a public flotation this October to raise at least another £400m.

All BSB shareholders had to provide bankers guarantees to the Barclays loan syndicate which is providing BSB's main financing for the time being in

Nicaraguan measures 'insufficient'

By Androw Marshall

AUSTERITY measures introduced by the Nicaraguan government are insufficient in repair the country's shattered economy, private sector repre-

sentatives said yesterday.

The measures, amounced by
President Daniel Ortega on
Monday, involve slashing the state budget by 44 per cent, dismissing 35,000 people, unity-ing the country's exchange rates, and tightening credit from state-run banks. Mr Ortega said the Government planned cuts in subsidies for basic goods but did not provide

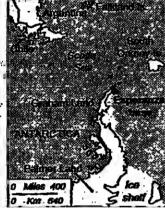
Further tightening of credit contradicts any attempts to boost industrial and agricul-tural production, Mr. Gilberto Cuadra, a consulting engineer and head of the Supreme Coun-cil of Private Enterwise Nice. cil of Private Enterprise, Nica-ragua's largest private sector hody, said yesterday. Mr Cuadra is in Britain as a guest

of the Foreign Office. Although the attempt to bring the official and parallel exchange rates for the cordoba currency unit into line was a step forward, further growth depended on investment. The Government had not addressed the question of foreign investment. Mr Cuadra said. Until the investment climate and the political situation changed, this would not be forthcoming

In Nicaragua, Mr Enrique Bolanos, a cotton grower and former president of the Supe-rior Council of Private Enterprise, said the Government "is cutting investments nearly to zero, and if there's no investment, there's no growth, if there's no growth, there are no

President Ortega said dis-missed workers could be absorbed into agriculture, with 10,000 needed to harvest coffee. This was unrealistic, Mr Cuadra said, while there was no investment in agricultural

capital. Nicaragua said on Tuesday it was extending a 10-month-old ceasefire in its war against US-backed Contra rebels until



Fears diminish of oil damage to Antarctica

By Andrew Marshall

PEARS of the damage to Antarctica by oil from a sinking Argentine vessel were reduced yesterday, but conser-vailouists foured the incident

could recur.

The supply ship Bahia Paratso, laden with 250,000 gallons of diesel oil capsized on Tasaday near the northern tip. of the Western Antarctic Peninsula, on its way to the Argentine Antarctic base of

An Argentine Navy spokesman discounted the possibility of a major spill, saying the vessel was carrying only enough fuel for its own use and to supply Argentine bases in the region. Forecasts of major damage were reduced when it became clear the vessel was not a tanker, but was carrying oil in drums. "It's not as bad as we first thought," said Mr Bernard Moran of the

said Mr Bernard Moran of the British Antarctic Survey in Cambridge in the UK.

But as traffic in the region increases, the risk of similar incidents grows, Mr Moran said yesterday. "Growing activity will pose a threat," said Mr Jack Remove Training of the National Science Proposition. National Science Foundation

in Washington. New Zealand conservationists said an oil spill would cause serious harm, as oil takes up to 100 times longer to break down in Antarctica's environment than in more temperate climates. Oil was also absorbed by the ice, blocking smilight.

Airports authority rejects calls for further runway capacity

By Lynton McLain

runway capacity in the south-east of England to be provided as a matter of urgency, expec-ted today from the Civil Avia-tion Authority, were attacked as premature yesterday by BAA, the former British Air-ports Anthority, which owns the three main London air-

ports.

BAA said it would disagree with any call for urgency for another runway to meet rapidly rising demand for air ser-vices in the London area. runway capacity do not have to be mada until the early

COMPANY pensions should

increase in line with the rise in

retail prices subject to a 5 per cent a year limit, the Occupa-tional Pensions Board recom-

mended yesterday.

Tha board, an adviser on

pensions to the social services minister, urged the establish-ment of a pensions tribunal to

deal with pension disputes

between employees and pen-

sion acheme trustees or

Mr Jeremy Rowe, board chairman, said two areas of serious concern to employees

By Eric Short, Pensions Correspondent

CALLS FOR additional airport 1990s," BAA said. "We do not need another runway in the south east until the turn of the century and there is no urgency to make any decis

The need for another runway in the south-east is expected to be a major conclusion of a report due today from the CAA. The CAA believes plan-ning for a new runway should start immediately because of start immediately because of

airspace congestion. Lynton McLain writes: British airlines hegan further checks on 125 Boeing aircraft yesterday after new reports of wiring errors in the US.

Company pension rises advised

had been identified during an

eight month study of employee

rights in company pension

occupational pension schemes, pension rises above a low guar-

anteed level were at the discre-

tion of the trustees and/or employers. Such payments

tended to disappear when com-

panies were taken over, with the predator company seeking to recoup its acquisition costs

hy cutting ontgoings and

asset-stripping the pension scheme.

First, in most private sector

One of the new cases in the US involved cross-wiring that would have indicated fire in the wrong engine of a 737, the US Federal Aviation Adminis-tration said. The UK Air Accidents Investigation Branch of the transport department said after the crash of the British Midlands' Boeing 737-400 last month that there was no evi-dence of a fire in the engine that had been shnt-down in

flight.
The Civil Aviation Authority said all UK airlines with Boeings built after December 31 1980 had to comply with a new

Second, the machinery avail-

able for employees to seek

redress of grievances was costly, complex and usually led

to the courts.

Mr Rowe said the Board was

reluctant to put forward solu-

tions that would impose higher

costs and adminstration bur-dens on employers. That might

prompt employers to stop pro-

viding company pension schemes with salary-based pen-

Instead the Board was

urging voluntary action. Lex, Page 16

sion benefits.

Health minister begins task of selling reforms

By Alan Pike, Social Affairs Correspondent

MR KENNETH CLARKE Health Secretary, yesterday began the task of selling his proposed National Health Service reforms to doctors, nurses and managers.

He set to work in Birmingham, first stop on a three-day national tour in which he and fellow health ministers are presenting plans, revealed on Tuesday, for the most radical shake-up in the 40-year-old state-run health service.

They are meeting the people in the health authorities, hos-pitals and family doctors' surgeries who will have to make the plans work.

All health service managers attending the regional hriefings are receiving staff commn nications packs to help them pass the message down the line.

These contain a video version of the plans, transparancies and speakers notes. A hooklet in the rack covers questions managers are likely to be asked about the propos

"Open competition means what it says, and it will be meaningful," begins the model answer with which managers will reassure questioners.

Most of Mr Clarke's more sceptical questioners at tha Birmingham meeting yester-day were general practitioners. who face controls on their drugs bills

Water charges kept down despite protest

By Richard Evans

year from April 1 to single figures, despite industry protests that much higher increases are needed to fund capital investment programmes. Mr Michael Howard, Envi-

ronment Minister responsible for the water industry, yesterday announced rises ranging from 7 per cent to 13.1 per cent, Ministers are preparing a "guillotine" — restricting the parliamentary timetable for dicussing the issue - on the Water Bill now being discussed by a House of Commons select committee on a tight schedule

prior to the privatisation of the industry in November. A timetable motion is expected to be announced in the Commons for debate next Monday. So far only seven clauses of the 170 clause bill have been debated in a line-hy-line committee stage.

THE Government has restricted the average rise in water charges in the financial at what it will see as the premature restricting of debate on a highly contentious measure. But ministers need to have the hill into the House of Lords by Easter if it is to become law by the planned date in July. The schedule is very tight because of the need to complete flotation of Britain's regional water anthorities in November before the even bigger privatisation of the electricity industry starting in spring next year.

The price increases, which will be announced by the authorities individually over from 13.1 per cent for South West Water and 13 per cent for Yorkshire to 7 per cent for

Some authorities put in for increases of over 25 per cent claiming the higher charges were necessary to meet Euro-pean Community regulations.

GENERAL HOUSEHOLD SURVEY

Trend to affluence continues but consumption not saturated

comfortable living and greater affluence has progressed unchecked in the Britain of the 1980s, but consumption of many durables appears a long way from saturation point. The General Household Survey, published yesterday, shows more households own their homes than at the begin-ning of the decade, living space is becoming less cramped and possession of consumer durables has grown strongly.

The proportion of house-holds owning their houses outright has risen from 22 per cent in 1971 to 25 per cent in 1986. More spectacularly, the propor-tion of owner occupiers with mortgages jumped from 27 per cent to 38 per cent in the same

THE TREND towards more but Wales, the south-west and north-west England also rank highly. in contrast, the proportion of households renting from local authorities has fallen from a peak of 34 per cent in 1981 to 26 per cent in 1986.

The survey also shows the average number of people per room in a household has fallen steadily since the mid 1970s. In 1986, tha mean average was 0.52 persons per room, while 47 per cent of households had less than 0.5 persons per

The proportion of people living in detatched houses has risen slightly since 1971 but the proportion living in semi-de-tached and terraced houses has remained more or less constant. There has also been lit-Owner occupation is most the change in the proportion widespread in the south-east living in flats or maisonettes.

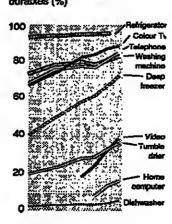
Figures for the number of households owning different sorts of consumer durables provide a guide to the wealth of the personal sector. It shows the most rapid growth in the 1980s has been in the propor-tion having colour televisions, deep freezers and, more recently, videos. With the exception of refrig-

erators and possibly colour televisions, there appears no sign of penetration among households reaching a plateau. The proportion of households with central heading

reached 71 per cent in 1986 up from 55 per cent in 1979, and 37 per cent in 1972.

The proportion of households without either a car or van has fallen from 43 per cent in 1979 to 37 per cent in 1986. Howavar, the proportion

Households in GB Proportions with consumer durables (%)



with two cars or vans has risen only slightly, to 16 per cent in 1986. The proportion owning three or more was 3 per cent in 1986.

1979 81 83 85

General Household Survey. 1986. HMSO £15.

Smoking declines but more report long-term illness

ered rose from 7 per cent in 1982 to 8 per cent in 1986. Those most likely to he insured were aged 45 to 64.

Households getting

smaller but fitter By Raiph Atkins, Economics Staff

TYPICAL British household is getting smaller and less attracted to marriage but is taking more exercise, according to the survey.

Despite households' increasing affluence, the number of burglaries has remained con-stant in the last two decades. However, more hurgiaries are being reported to the

police, the survey shows. The size of households continued to fall in 1986 - the latest year covered by the survey. The average size was 2.55 persons compared with 2.91 in

In the same period, the proportion of one-person housebolds increased from 17 per cent of the total to 25 per cent. Households with six or more declined from 6 per cent to 2 per cent

The survey provides a comprehensive snapshot of British households, covering population, health, education, hous-ing, employment and leisure trends. It is based on interviews with 10,000 households.

In 1986, 4 per cent of men and women aged between 16 and 59 were living with someone to whom they were not legally married, suggesting there were about 650,000 cohabiting couples in Britain.

Out of the women who were interviewed, 17 per cent in the 18 to 49 age group and not mar-ried were cohabiting in 1986, compared with 11 per cent in Broken down by ethnic group, 95 per cent of the popu-lation was classified as white. The Indian, Pakistani/Bangla-deshi and West Indian populations each accounted for a fur-

ther 1 per cent. The survey says there has been no significant change in the burglary rate since the early 1970s when the subject was first included in the sur-

in the latest year, 2.6 per

cent of bouseholds had experi-

enced one or more hurgiaries within the last 12 months and there were 30 hurgiaries for every 1,000 nouseholds. The percentage of burglaries reported to the police, how-ever, rose from 76 per cent in 1972 to 87 per cent in 1986. There was also an increase in

The results show that in 1986, 46 per cent of adults had taken part in at least one physical activity in the four weeks before the interview - up from

the proportion of burglaries in

which insured goods were sto-

42 per cent in 1980. The most popular activity was walking, with 19 per cent of adults having been for a walk of at least two miles during the four weeks before the interview.

In the league table of top ten activities, outdoor activities, including jogging, entered for tbe first time while squash dropped out.

High copper prices boost Chilean export earnings

By Barbara Durr in Santiago

CHILE'S exports topped \$7hn in \$930m. last year, 35 per cent higher The copper windfall has prompted debates on how in According to a report this spend the money. A number of week from the central bank, economists both favouring and the final figure on export earn-ings includes a bonanza of have warned that the Chilean

Imports last year registered copper earnings should be \$4.8 m in which intermediate entirely added to Chile's Copper occurred for 56.4 per cent and capital goods for 25.9 per cent.

While the growth of copper earnings outpaced every other though when the price of copper product at 52.9 per cent over exceeds by five cents the 1987, exports of industrial benchmark price assigned at the start of the year. Last year goods grew 26.6 per cent to the start of the year. Last year \$2.2bu, other mineral exports the benchmark price was 83.6 rose 17.3 per cent to \$213m and cents, but the annual average

\$3.6ho from high copper prices. Treasury is flush in only a The central bank said the transitory fashion. The extra country's 1988 commercial believe money earned from copper ance to a healthy \$2.25n, should thus not be channelled up from \$1.2bn the previous to permanent expenditure.

Year. Some argue that the excess

agricultural and fishery copper price ran to \$1.18, the exports expanded 16.8 per cent highest for eight years.

BRITONS are less likely to third in the same perismoke than at the beginning of the 1970s and appear more prone to reporting long-standing illnesses, the survey shows, writes Ralph Atkins.

The proportion of cigarette smokers continued to fall in

1986, to 35 per cent of men and 31 per cent of women. That npared with 52 per cent and 41 per cent in 1972. However, the proportion reporting long-standing ill-

od - from 20 per cent in 32 per cent among men and from 21 per cent to 34 per cent among women. It is not clear if this reflects

an actual increase in chronic sickness. People's opinions about their health could have been affected by changes in expectations and perceptions of what good health is.

The proportion of people who had consulted a National

women than men. The survey shows medical treatment was provided mainly by the NHS in 1986. Only 4 per cent of out-patient attendances and 7 per cent of

than in 1982. Health Service general practi-

tioner in the 14 days before the spread of private medical the interview was slightly higher in 1986 than in 1972. insurance. The proportion cov-The rise was greater among

The over-75s were least likely to be insured with just 3 per cent covered. in-patient stays by people aged 16 or more were paid for privately - marginally mora It also shows little change in

The survey shows the gap between the proportion of male and female cigarette smokers has narrowed in the past 20 years. II also little regional variation. st 20 years. It also shows

M& A in a European perspective.

A selection of 12 Mergers and Acquisitions among the 65 transactions completed by Paribas in 1988.

January 1988

ORKEM SA

(formely CdF Chimie SA)
has sold its subsidiary

LORILLEUX INTERNATIONAL SA

COATES BROTHERS plc

in exchange for shares and made a partial offer to increase its shareholding in Coates Brothers plc from 33 to 40 percent



Banque Paribas Capital Markets (London) and Banque Paribas (Paris) acted as financial advisers to Orkem SA and arranged the completion of these transactions.

February 1988

BORAX FRANÇAIS a subsidiary of R.T.Z. Corporation plc

through a public offer has acquired 91% of the shares of

TALCS DE LUZENAC



Paribas initiated the transaction and assisted R.T.Z. in the negotiations.

March 1988

GRANADA Group pic

has acquired a 76% interest in

KAPY SA (Spain)



Paribas acted as financial adviser to the shareholders of Kapy in this transaction.

June 1988

AKZO (Netherlands) and

KALI-CHEMIE (Germany)

through a public offer acquired 95% of the shares of

EUROPÉENNE DE SOUFRES INDUSTRIELS (E.S.I.)



Paribas acted as financial adviser to the Compagnie Chambon, a 48% shareholder in E.S.I., in this transaction.

February 1988

AIR PRODUCTS AND CHEMICALS INC.

has acquired

LA MANUFACTURE ALSACIENNE DES TABACS

and

OXYGÈNE LIQUIDE DE STRASBOURG



Paribas acted as financial adviser to the Air Products group and arranged the completion of these transactions.

May 1988

RÉMY & ASSOCIÉS

through its subsidiary

Gestion Mobilière

has sold its controlling interest in

ETABLISSEMENTS NICOLAS

CASTEL FRÉRES

Paribas acted as financial adviser to the

Rémy & Associés Group in this transaction.

December 1988

JAMES RIVER Corporation (U.S.)

and KAYSERSBERG (France)

have acquired a 50% shareholding in

IPEK KAGIT (Turkey)



Paribas initiated the transaction and assisted James River and Kaysersberg in the negotiations.

April 1988

MATRA COMMUNICATION SA

has acquired

DFG
Deutsche Fernsprecher Gesellschaft



Paribas arranged the acquisition and acted as financial adviser to Matra Communication during the negotiations.

April 1988

CAP GROUP plc

has merged with

SEMA-METRA

to create

SEMA GROUP



Paribas acted as financial adviser to Sema-Metra during the negotiations.

September 1988

SCHNEIDER SA

through a public offer has acquired

TÉLÉMÉCANIQUE SA



Paribas acted as adviser to the Schneider Group and arranged the completion of the transaction.

i Jear

30006

October 1988

TRENPORT PROPERTIES Limited

acquisition of property portfolio

from

BOND CORPORATION
HOLDINGS Limited



Banque Paribas (London) acted as financial adviser on this transaction.

November 1988

has sold its subsidiary ESSELTE-WELL

TAMPELLA (Finland)



Paribas arranged the sale and acted as financial adviser to Esselte during the negotiations.

Paribas is helping European industry to prepare for 1992.

PARIBAS R. 3, rue d'Antin, 75002 Paris.

UK NEWS

Lawson budget 'to make tax cuts worth £3bn'

By Simon Holberton, Economics Staff

PERSONAL income tax cuts worth up to 23bn and a public sector debt repayment of some £14bn will be the main features of the Chancellor of the Exche-quer's budget on March 14, say the Institute for Fiscal Studies and Goldman Sachs, the US

The IFS, which prepared its annual Green Budget preview that a run on the pound is by of Mr Nigel Lawson's flacal no means impossible - it hapoptions in association with pened in 1985 - but that it may Goldman Sachs, says the Chancellor's scope for tax cuts is "distinctly limited" by the The economic background to short-term outlook for the UK. The economic background to short-term outlook for the UK the budget sees domestic demand continuing to outstifp this budget.

economy, which requires a tight budget.

Mr Lawson "will have to use all his celebrated ingentity in order to produce a package which is not just a little dull," they told representatives of London's financial community

yesterday.
On taxation, they see little scope for the Chancellor to cut corporation tax, walue added tax, national insurance contributions or capital taxes. He may, however, reduce the tax breaks associated with com-

ON SA

2000

100 mg

1.75 25 E

pany cars.

They said the Chancellor will probably remit £1.5bn to taxpayers by raising the threshold at which income becomes liable to tax if by early March it is clear that the economy has begun to cool rapidly, then Mr Lawson might also reduce the basic rate of income tax by 1p to a rate of targets, something which the 24p in the pound. These measures would cost about £3bn.

The Chancellor is not constrained, however, by finance - the IFS estimates that before tax cuts Mr Lawson will have some £17bn available for distribution - but by the state of It says a prime policy objec-tive is to keep the confidence of financial markets in govern-ment policy and to forestall the possibility of an inflationary devaluation of sterling. Policy also need to be kept tight to hear down on domestic sources of inflation as well.

"The lesson of the 1980s is

the budget sees domestic demand continuing to outstrip the ability of the UK economy to supply it. A cut in interest rates may reignite consumer spending and undermine the pound's value.

"To minimise the risk of

'stagflation' there is much to be said for cutting taxes both to sustain demand and to preserve international confidence in the British supply-side mira-cle, while keeping up interest rates so that a strong exchange rate continues to exert downward pressure on wages," they

They add that the Government may re-introduce targets for broad money supply growth in the 1989-90 version of its medium-term financial strategy. The recent tightening in monetary policy has been but-tressed by official affirmation of the importance of monetary as a possible sign of their re-emergence in the forthcoming budget.

Options for 1989: The Green Budget, IFS, 180 Tottenham Court Road, London WIP 9LE, price: 26, non-members, 23 mem-bers.

High mortgage rates 'may cut housing output by a fifth'

By Andrew Taylor, Construction Correspondent

By Paul Cheeseright, Property Correspondent

AN OFFICE block in the City Metal Exchange, is the City of

HIGH mortgage interest rates could leave private housing output down by a fifth in the ference organised by Swiss next two years, the chairman of one of Britain's biggest building material companies warned yesterday. Sir. Colm Corness, chairman

of Redland, said a study of interest rate movements in the past 20 years showed that a rise of 1 percentage point in mortgage rates generally resulted in a 6 per cent to 7 per cent decline in private housing

"If this relationship holds during 1989 and 1990 then new private housing output is likely to fall by 15 per cent to 20 per cent, even assuming interest rates fall by 1 per cent to 2 per cent towards the end

of London yesterday became the most expensive in the UK

when Sun Alliance Insurance

agreed to pay a rent of £70 a square foot for 105,000 square

feet of space.
The freeholder of Leadenhall
Court, in Leadenhall Street on
the east side of the City and
once the site of the London

Bank Corporation Stockbroking, formerly Savory Milln, he said that higher interest rates would have a knock-on effect on other areas of construction. We do have to reckon that

'if interest rates remain high, as they seem likely to do, the recent great strength in the construction industry in the UK will not be sustained. "We can see private housing is almost immediately effected by interest rate movements. I

ally affect the other sectors as well." Nonetheless, he said, 1989 was likely to be another good

City claims UK's dearest office block

London Corporation. But the ground lease is held by Legal & General Property, which devel-oped the new building.

The agreement between Legal & General and Sun Alli-

ance comes at a time when

property industry analysis are

predicting that rents in the City, after two years of explo-

year for British construction. The decline in private housing would be more than offset by continued real growth in the other sectors not be immediately susceptible to higher interest rates. Sir Colin said building mate-

rial manufacturers best placed to withstand a downturn would be those with least expo-sure to new housing and greatest exposure to repair mainte-nance and improvement work. Ageing buildings and Britain's need to repair and maintain roads and other infrastructure would ensure higher

with 30 per cent in 1976.

sive growth, are likely to flat-

ten out. Greater amounts of space are becoming available

in and around the City as more

at the end of the month.

ing about what it sees as parti-san coverage by News Interna-tional which will launch four channels of satellite television believe that those same interworkloads. Repair mainte-nance and improvement est rate movements will graduon Sunday through its Sky accounted for 45 per cent of all construction output compared Television subsidiary. Prof George Weddell, head of

the institute which is part of Manchester University, has written to Mr Murdoch to seek his co-operation.

The European Institute has for some time been planning

of press

BRITISH Satellite Broadcasting

has commissioned a study from the European Institute

for the Media into the coverage

of satellite television issues in

Mr Rupert Murdoch's five national newspapers.

BSB, the satellite consortium

which plans to launch three

new channels of television in September, has been complain-

an academic programme on concentration of power in the media in the UK. France and West Germany.

Newspaper coverage of the development of satellite television will be the first case study

developments are completed. But the leasing of Leaden-hall Court suggests that there in the programme.

Prof Weddell said yesterday
that the study would be completely independent and look remains a firm demand for buildings in the City centre. The building will be completed at the coverage of all national newspapers over the past year.

NYONE LOOKING

BSB sets up | Satellite television case study forecast for up to 2.2m homes by 1991 reporting

By Raymond Snoddy

BETWEEN 1.6m and 2.2m homes in the UK will be receiving satellite television by the end of 1991 Logica, the computer software and consultancy group, suggested yester-

At least 45 per cent of that total would have their own domestic satellite receiving equipment and the rest would either receive their satellite channels via cable television networks or use a communal

reception system.

The projections in a Logica report come three days before Mr Rupert Murdoch, chief executive of News International, launches the first four of his planned six channels of of his planned six channels of Sky Television. The figures announced by

Mr Anthony d'Abreu of Logica would not appear to suggest an enormous success, at least in the short term, for either Mr Murdoch or his satellite rival, British Satellite Broadcasting, which launches in September.

Mr Murdoch's most optimistic assumptions envisage 2.5m homes in the first 12 mouths, although he has guaranteed advertisers a minimum of 1.15m. BSB is looking for something like 400,000 homes by the end of this year.

Logica forsees cumulative totals of satellite receivers of between 80,000 and 170,000 by mid-1939, between 235,000 and 468,000 by the middle of 1990 and betweeu 6m and 8.5m by 1996. "These are highly opti-mistic forecasts," Mr d'Abreu

said yesterday. Logica did not carry out any original research ou consumer intentious for its report. It arrived at its figures by tracking the rate at which consum-ers bought video recorders and modifying the figures to allow for differences between the two products such as the lower initial price of satellite receivers.

"We are quite confident about these figures." said Mr d'Abreu who emphasised, however, that they were not precise forecasts because there were so many variables sucb as the programmes plans of the satellite operators.

Logica estimates that across Europe there are now at least 105,000 satellite receivers already installed, a number that will rise to 950,000 by the end of 1990.

Satellite Television Receivers -The European Market, Price: £695, from Logica, 64 Newman

Court orders quick trial of GEC dispute

By Raymond Hughes, Law Courts Correspondent

yesterday ordered a speedy trial of the dispute between General Electric Company and Flessey over their jointly- is its most valuable single

owned telecommunications asset, subsidiary GPT. Mr. GEC is challenging the validity of a buy out notice served last month by Plessey alleging

The case is likely to be heard within the next six weeks. Mr Jonathan Sumption, counsel for GEC, told Mr Justice Warner that the case was urgent because it was "com-

compulsorily to buy GEC's 50 percent interest in GPT.

Plessey asserted that GEC and Siemens' agreement about the reorganisation of Plessey's mercially an alarming and unfortunate state of affairs" that there was uncertainty

The HIGH Court in London . UK's telecommunications man-

Mr Sumption said Plessey, contended that the £1.7bn offer made for it jointly by GEC and Siemens, of West Germany – now being considered by the which they set up GPT last. Monopolies and Mergers Commission - triggered an option provision entitling Plessey

business - if their takeover succeeded - constituted a "relevant event" triggering the option provision in GPT's elab-orate shareholders' agreement. about the ownership of what was almost the whole of the

TO FUND AN ACQUISITION SHOULD SEEK OUT OUR

COMPANY FIRST



INVESTORS IN INDUSTRY

Poor year for air, marine insurance underwriters

LONDON marine and aviation insurance underwriters had one of their worst years in 1988, according to the Institute of London Underwriters.

Mr John Parton, chairman of the institute, which represents the marine and aviation business of 115 insurance compa nies in the London market said that underwriters bad seen a constant lowering of premium rates at a time of unparalleled losses. He pointed out that under-

writers had experienced a suc-cession of claims during the year, dominated by the Piper Alpha North Sea oil platform disaster.

The potential cost of Piper Alpha is put at \$1.4bn - the largest-ever single claim on the energy insurance account.
About 80 per cent of this cost
will ultimately be met by the
London market.

Last year would have been had for the industry even with-out the Piper Alpha disaster. On the other side of the accounts, Mr Parton said that premium income had remained static during 1988 for marine business and was down on the previous year for eviation business - the result of rate cutting arising from intense competition and overcapacity in the world insurance markets.

As a result, he doubted

whether underwriters were, at best, doing anything more than breaking even on their marine

The picture was as gloomy in the aviation insurance accounts of the institute memaccounts of the institute members. Last year 24 Western-built jet airliners were lost, culminating in the December. Pan American 747 disaster at Lockerbie in Scotland, repre-senting a total value of \$271m: This compares with 20 aircraft

lost in 1987 at a value of \$258m Underwriters are so far unable to secure adequate rate increases in the wake of the Piper Alpha disaster.

Overseas insurance markets have not been drastically hit by Piper Alpha and are thus not subject to the same presgure to increase rates.

Indeed, Mr Parton warned that these overseas markets were looking for opportunities to expand their share of the world marine and aviation market at the expense of the London market.

However, catastrophe rein-surance rates had been increased by as much as three or four times after Piper Alpha. Mr Parton felt that the crunch would come for many underwriters when they renewed their reinsurance in the late spring.

Are you running a private company whose growth, despite already being at a healthy rate, falls short of your business ambitions?

Do you feel that with your current size you are not fully exploiting the opportunities afforded by the buoyant economy?

OREOVER, HAVE YOU identified that the best way L for you to achieve those ambitions is not to relyon organic growth alone but to acquire another company whose attributes complement yours?

You will no doubt have identified the need for one other necessary attribute you, as an unquoted company, may not have enough of. Finance.

Probably the kind of company on your shopping list will be more expensive than you can fund from existing capital, and so you may have thought that you couldn't realise your acquisition plans for some time.

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II GROUP PLC, 91 WATERLOO ROAD, LONDON SEI SER TEL: 01 928 7822 REGULATED IN THE CONDUCT OF INVESTMENT BUSINESS BY SIB-ABERDEEN 0224 030466. BIRMINGHAM 021 200 3131, BRIGHTON 0373 73164, BRISTOL 0272 277412. CAMBRIDGE 0223 420031, CARDIFF 0222 394541, EDINBURGH 031 226 7092, GLASGOW 041 248 4456. GUILDFORD 0483 301773. HULL 0492 27046. LEEDS 0532 430511 LEICESTER 0533 55580, LIVERPOOL 051 236 2944, MANCHESTER 061 833 9511, MILTON KEYNES 0908 668168, NEWCASTLE 091 281 522L NOTTINGHAM 0602 412766, READING 0734 584144, SHEFFIELD 0742 88057L SOUTHAMPTON 0703 632044, WATHORD 0923 33712.



adopted the colour in its corporate logo 65 years ago, is making increasing use of it in the group's new corporate identity unveiled this week. A new logo for use throughout the group's worldwide operatione will show italicised gold initials set in the gold outline of a shield on a green background.

BP's original use of green owed nothing to conservation. Two senior executives decided to change the company colours from red and black to green and yellow during a good lunch at a restaurant near Paris in 1923. The colours were more in harmony with their next lunches more

their post-luncheon mood.

But BP can claim to have become environmentally conscious at an early date. In Britain, BP advertisements in 1927 urged motorists to buy their petrol from the company's newly-painted green pumps "that preserve the beau-ties of our countryside."

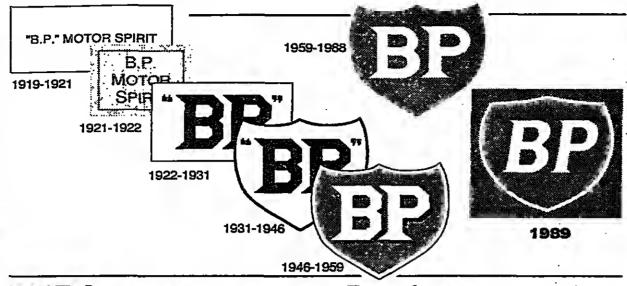
BP today sponsors a host of environmental organisations and causes. It was awarded the gold medal of the US-based World Environment Centre last year. It is currently involved in projects ranging from hird sanctu-aries and an atlas of the world's rain forests to scientific investigations into

ozone deoletion.

The highlighting of green — not used by any of BP's competitors — in its corporate identity is meant to signal a continuing commitment to the

cause.
Ray Knowland, chief executive officer of BP Chemicals. says it is "an expression of the constructive role we must play in environmental protec-tion." Russell Seal, managing director and chief executive of BP Oil, adds: "If you are green, you have to deliver environmentally, too."

Rolf Stomberg, chairman of BP Ger-



BP's green evolution shield for the environment

Philip Rawstorne explains the UK resources group's revamped identity

Germany has already attracted "posi-tive responses" of goodwill. But the identity change — which

will be applied to everything from BP's tankers and 22,000 petrol stations to its stationery — is meant to signal much more than BP's environmental The new image follows a £1m, year-

long study hy BP and its designers, Siegel & Gale and Addison Design, into the nature of the group and public perceptions of it.

many, reports that the emphasis on green in two trial station sites in West

"Our image," says David Walton, BP's head of government and public

affairs, "is a major commercial and political asset. Like any asset, it has to be managed and looked after." BP's current hranding — gold initials in a green shield — has been in use for 30 years. The new look — which is being incorporated over the next two or three years by accelerating the normal refurnishment programme at a cost of around £100m is a response to fundamental changes in the group over the past few years. Today, BP has a stronger and more competitive international presence than ever before.

In Britain, the Government has sold virtually all its shareholding and the group has acquired Britoil, the oil production company. The acquisition of Standard Oil, renamed BP America, means that half of the group's assets are in the US. With the projected sale of RP Wiversle the group is seen to of BP Minerals, the group is seen to be concentrating on its core hust-nesses of oil, gas and chemicals.

Management structures have been changed; more power has been devolved down the line to enable the group to he "more nimble in its response, more active in its decisions," says Walton.

Against the background of these changes, BP's research — carried out in the US, Germany, Australia, and Singapore, as well as the UK — confirmed that a fresh style was needed, but one that retained the familiar shield, first used in 1920 as a symbol of solidity and protection.

The research showed that, although the old logo was still seen as a sign of reassurance and quality, it was also giving the impression of a company that was static and slightly old-fash-loned.

ioned.

The new corporate identity is intended to promote a more dynamic, go-getting, innovative but socially responsible image, to give cohesion to the group's international operations, and to motivate employees at every

A revision of company naming policy to hring more clarity to BP's inter-national operations is an important part of the rebranding exercise. Short business names will be used interna-tionally for all commercial activities, stressing the thrust of the main busi-ness - BP Exploration, BP Chemi-

At the corporate level, the group's head office will continue to work with the name BP International, and associates will use names like BP Australia for their own national activities. At the retail level, the layout and equipment of petrol stations have been redesigned to improve access and service for motorists. In the US, where some 8,000 petrol stations will get the new look, the changes represent "one of the most important marketing moves we have undertaken," says John G McDonald, vice-president, BP America. "We will be replac-ing several major, well-known brands, with one that in some areas is not known at all."

Corporate advertising will be used throughout the world to support what BP chairman, Sir Peter Walters, describes as "a public face to meet the challenges of the 1990s."

How Gateway plans to keep customers within the fold

The UK supermarket chain is giving away cars. Maggie Urry reports

Bingo has arrived in Britain's supermarkets. In a move reminiscent of tabloid newspaper circulation wars, Gateway, the 830-store food retail chain, has launched an 58m. Gateway Getaway competition. It includes a free draw for a car daily for 56 days, further prizes - donated by some of Gateway's suppliers such as Mars and Unilever for winners of a picture bingo game, and money-off vouchers. So far Gateway's rivals seem to have no plans to respond in kind. Safeway's is typical of the competition's attitude in saying, "we can see no immediate use for this type of promotion as our main objective is tion as our main objective is that the Safeway realised shop-

ping experience (sic) is the best in the high street."

I Sainsbury believes its cus-tomers prefer to be able to get round its stores without too much hassle and be sure of get ting good value for money — it points out that it never gave Green Shield stamps, for example. Tesco too has no immediate plans to alter its marketing methods.

However, with the top five food retailers now slogging it out with each other, having won market share in the past from the weaker small chains and independents, this may be the first sign of a more aggressive fight between them. None of them wants to indulge in a straight price war — which they acknowledge would bene-fit none of them in the long

Other chains' buyers will not miss the point that suppliers are putting up some of the cash for the competition, which is a standard practice. While they might not specifi-cally demand lower prices to match the contribution to Gateway it will all become part of the cut and thrust of getting the best possible terms from the big suppliers which sell to all the food retail chains. An alternative marketing strategy might be to hint to customers that they are the ones who uitimately pay for competitions and perhaps prices will be lower in shops that do not run such promotions.



"CONGRATULATIONS -

some of its particular problems and may be the right sort of thing to appeal to its custom-ers. Bob Willett, Gateway's marketing director, admits that though the group wel-comes 10m shoppers through its doors each week, they are a pretty promiscuous bunch.

Their "expenditure loyalty is low, he says, explaining that core Gateway customers spend one Gateway customers spend only 60 per cent of their gro-cery money in Gateway shops, the rest going elsewhere. That figure is much higher in other chains. Also the average trans-action value is low at 27,60p compared with over 210 for

many of the other groups.

As well as bringing some fun
to the dull January to Easter trading period, the competition is designed to get customers to come more often and spend more when they do. In order to enter the daily draws shoppers must put their name and address in a box in a store each day. Once inside they might

just buy something too.

More important, to play picture bingo customers have to spend over £10 in the store. For every £10 spent the shoppers get four pictures to match up on their bingo card and a mon-ey-off voucher — the latter justifying an "everyone wins"

Once the shoppers are in the store and spending £10, Willett hopes to convert them into more loyal customers. The aim of the competition is to per-

Why people-watching is essential for product development

Should managers spend more of their time hang-ing around supermarket

car parks? The people from Honda did. They looked at the way shoppers loaded their boots and nsed these ubservations to redesign the Honda Civic

Bruce Thompson of management consultants Arthur D. Little argues that such customer watching should precede any decision to launch a new product.

Another example is that of Philips shavers. Philips recruit people off the street to take part in their analysis of customer needs. Developers rors, shaving techniques and sels.

suffered because its designers work too much in isolation. It

will provide a model for design

teams to exchange informa-tiou, ideas and graphice hy

computer - not only with one

another hut also with other professionals. It will allow

manufacturing and production

staff to influence designs at an early stage, to ensure that new

products are as simple and

cheap to manufacture as possi-hle. And marketing experts

will have a say too, so that the products have the greatest posproducts have the greatest pos-sible sales appeal.

The EDRC is one of five interdisciplinary centres being set up by the UK's Science and specific methods of operation to help in the design process," Thompson says.

"Customer watching is not unly applicable to consumer goods. I was recently involved in a series of user groups designed to analyse the requirements of users of light construction power tools. An evening with huilders, plumbers and electricians certainly concentrated the mind as to

Thompson, along with some of his colleagues, has been spreading his message at a series of Arthur D. Little conferences on how to manage product creation. The conference has so far taken place in

His main message is that "product creation should be rooted in a deep understanding of the customer." Few would disagree with that. There are, huwever, various obstacles which lie in the way of discovering what the cus-tomer really wants.

First, he says, customers tend to want different things. "So the temptation for man-agement is to ignore the diversity of demands and needs and to develop compromise, middle-of-the-road products." The second dilemma is that ers often do not know what they want. "How can we find out what customers might buy when we are dealing with example of this is the telefax ket research.

machine. How many of us can honestly say that we recognised its potential when the concept was first introduced?"
A third difficulty is that customers do not always hay what they think they want or what market research said

they wanted. The fourth complication is that customers change. They keep apprading their expecta-tions as their needs evolve over time. The UK machine tool and motor cycle indus-tries suffered from not responding to these changing eeds," Thompson says. Faced with these difficulties, many companies prefer to trust their instincts and to Another temptation is "to rely on the distribution network as a source of information on customer requirements. The dangers here are that this cuts you off from direct contact with the cus-

tomer," Thompson says.

Apart from observing customer behaviour and forming user groups, companies can achieve a lot by using sophisticated mock-ups to test cus-tomer reaction, he says. In developing the Renault 19, the company's "styling depart-ment worked hand-in-hand with market research to test customers' reactions to the concept as it evolved. Two completely different shapes in parallel and tested one

At the end of the conferences, managers were asked to complete a questionnaire aimed at finding out what their companies are doing to discover what customers want. At the three conferences held so far, as many as two-thirds admitted that their companies did not formally attempt to evaluate customer needs or did so only occasionally.

against the other until one

emerged as the winner in mul-tiple-panel testing exercises."

And when companies did make such attempts, they tended to make use of those approaches which did not involve direct contact with the

Michael Skapinker | ningly tailored to try to redress give Gateway a chance.

TECHNOLOGY

ive universities and colleges in Scotland are init. A network for set up an international centre for design research. bringing The Eugineering Design Research Centre (EDRC) has just speut £500,000 on its first 20 high-performance scientific workstations - described as radical ideas "personal supercomputers" by their manufacturer, Apollo. The centre's director, Bernard Capaldi, started work this month with a pledge to "shake up engineering design and hring as many radical new ideas to the field as possible." The thinking behind the EDRC is that UK industry has to engineering

Clive Cookson reports on a centre of excellence for design research just set up in Scotland

Apollo's DN10000 workstations designed in the US and manufactured in Livingston, Scotland. Righ-speed Megastream data links will connect work-stations in the EDRC head-quarters at Glasgow University and in the other four institutions: Strathclyde and Heriot-Watt universities, Napier Poly-technic and Paisley College of Technology.
Fundamental research into

Engineering Research Council (SERC) to concentrate research in certain key areas of science ways of speeding up the design process and improving its quality, hy making use of distributed computing, will be a main aim of the EDRC. At the same time the researchers will be and technology in national "centres of excellence". A £6.4m SERC grant and support from the University Grants Committee and other sources will bring total public funding for the EDRC to about £10m working on specific projects with industrial partners. over five years; in addition, industrial partners are expected to contribute substantial The centre is prepared to tackle almost any sort of design work that might benefit from a powerful computer net-work. But Boh Murray, of Glasprivate resources. Information will be

exchanged over a distributed gow University's mechanical computer network, hased on engineering department, says engineering department, says that two particular areas of interest are likely to be consumer products and large industrial systems.

"There are many generic similarities in what may seem to he very different design activities," eays Bernard Capaldi. "We are looking to identify and explore those similarities." Partnership negotiations are

already under way with three companies and Capaldi hopes quickly to huild up an exten-sive network of industrial col-

"I'd like to see saleable products coming ont of these research programmes in the near future," he says. "But it's important that we don't get involved in "fighting fires" for companies and that we concentrate on strategic research. Capaldi combines an engi-

Computer power in the field



Brian Scott, of Glasgow University, with an Apollo workstation

design.
"Designers tend to work in isolation with out-of-date tools," Capaldi says. "Most design engineers say that they are not isolated - after all thsy talk to the tea lady every

extensive experience as an industrial consultant — most recently as manufacturing and product design manager at PE inhucon. He says that industry still makes only "minimal" use of distributed computing for design.

day — hut in reality they are."

This is not just another academic exercise," says Professor Brian Scott, of Glasgow University, who was responsible for planning the EDRC. "We're business oriented with a strong element of the product of the profession of the profes gies. Our disciplines embrace services and finance as well as industry and design, and our intention is to make a very positive contribution to the industrial renaissance now

The design of the components or sub-assemblies which will be bought in are presented to the subcontractors only after the design is finalised.

paper, but not necessarily one that can be manufactured at a

cacles of manufacturing pro-cesses and materials, the design team tends to create a vehicle of high performance on

towards a harmonious conclu-

Steering attitudes towards production friendly design

Anna Kochan puts the case for 'simultaneous engineering'

than they should for manufacturing equipment because of a failure to combine design work with production planning. Recently, two European companies incurred unexpectedly high bills when production difficulties necessitated design modifications. These problems can be avoided through "simultaneous

engineering".
No one seems to know when and where this term originated, but the Japanese con-cept is starting to be adopted on a large scale by automotive

Aimed at slashing lead times for new models, improving quality and reducing manufac-turing costs, simultaneous engineering requires radical changes in the way automotive companies and their suppliers operate. It means that product design must be carried out in parallel with working out what processes will be involved and what equipment will be needed for manufacture.

Ford Motor Company has been the principal proponent of tha techniques outside Japan. But most of the other car com-panies, including Austin Rover of the UK and General Motors of the US, are pushing for the simultaneous approach.

Historically, car companies have practised serial engineering. That is, the detailed design of a new model is produced first. Then the manufacturing process is planned and finally the manufacturing equipment is designed and built. Each activity is undertaken by dif-ferent professionals in different departments.

after the design is finalised.
Discussions with equipment suppliers for the parts to be made in house are also not initiated until this stage.

This mode of operating can have disastroue results because designs are unlikely to be "production friendly". Not being fully aware of the intricacies of manufacturing pro-

realistic price, if at all.

By the time the manufactur-

ar companies are paying engineers identify problems which we have not lems with the design, it is usutapped in the past," says Strathan they should for ally too late to introduce chan.

It must, however, be accepted that the additional "consultancy" services which suppliers provide when particirevisions without incurring great expense; and there is a cascading effect in that a small revision to one component affects many others. The alternative is to compromise on effi-

ciency and quality.

Bernard Roach, European sales manager at Lamb Technicon UK, an equipment supplier owned by Litton Industrial Automation of the US, cites an example where one tiny problem in design had serious con-sequences in manufacture. The designers specified the use of a bolt in the body design which tha manufacturing engineers later discovered was of a non-

later discovered was of a non-standard length.

The production volumes were not high enough, how-ever, to justify having the bolt made specially, so a compro-mise was made and the stan-dard length bolt was used. This meant that the end of the bolt protruded from the surfaces it was fastening instead of being finsh with them.

The result of this decision

The result of this decision was corrosion which led to bolt failure and the engineers had to find a way of capping the protruding end of the bolt to prevent this. Eventually a solution was found, but it was not the outinal one the optimal one.

With simultaneous engineer-

with simultaneous engineering, manufacturing engineers would have advised the designers of the problem at an early stage and a simple modification could have been made. The outcome would have been a better quality product and an avoidance of the later expense and delays.

and delays.

Ian Strachan, husiness affairs manager at Austin affairs manager at Austin Rover, draws a sports analogy between serial and simultaneous engineering. Instead of acting like a team in a relay race, he says, the car company and its suppliers must interrelate like a rugby team. Each player should be moving forward in a co-ordinated manner with all the others. Product design and manufacturing prodesign and manufacturing pro-cess should evolve together

This means that suppliers of manufacturing equipment and/ ur components must he brought into a project at the earliest possible stage in the design process. "Suppliers have a wealth of specialist

pating in a simultaneous enginearing project have the effect of increasing the cost of the contract.

Another change in commercial attitude is required as far as the bid process is concerned.

Because of the close working relationship that the customer needs to maintain with the supplier, the tender procedure becomes much less competi-tive. Austin Rover has chosen to work with "preferred" sup-pliers, which it assures of long-term business provided that standards are maintained.

Strachan says.

However, Roach reports that this has led to some antipathy towards simultaneous engineering from commercial departments because they are accustomed to using compet-tion to beat down the price. This, he says, is the main reason why some car companies are still not using simultaneous methods, even when engineering personnel are in favour of them.

Austin Rover's K. Series engine is its largest project to use the methodology. When the R8 vehicle is released on to the market in the autumn, its lead time from concept to market with layer been less than four years.

four years. This, says Strachan, compares with a usual lead time of about five years. He expects further decreases.

An important part of the strategy is to bridge the historical communications barrier between design, process planning and manufacturing

Austin Rover has set up Austin Rover has set up vehicle directorates in which teams of talented all-rounders oversee a vehicle from conception to the end of its production life. People of the right calibre for this responsibility are hard to find and the company develops their potential by sending them to Warwick University for training. University for training.
In Japan, where the concept

of simultaneous engineering originated, the methodology is applied way beyond the motor industry. After all, it is just as ing machines as it is to cars.

DISTRIBUTED computer networks are one of the fastest growing fields of computing, particularly for scientific and engineering applications.

The essence of distributed computing

is that all the workstations are powerful processors in their own right. They use a network, such as Ethernet, to exchange data and share facilities such exchange data and share lactifies such as disk storage — and in some distrib-nted systems the workstations can make use of spare computing power on their sister machines. This is the cou-verse of the traditional approach, in which terminals with little or no independent processing power are attached

to a mainframe computer.

The Science and Engineering Research Council (SERC) is spending film a year on a "computational science initiative" to provide high-performance. mance distributed computing for university scientists. Each grant is typically in the region of £100,000 and

provides a small network of top-of-the-range workstations.

Martyn Guest of the SERC's Daresmarryn Guest of the SERC's Daresbury Laboratory, who is co-ordinator of the computational science initiative, says that local distributed computing resources are essential for some scientific purposee, such as high-speed graphics for molecular modelling. Scientists could not do this sort of work afficiently on terminals linked to a supercomputer on a remote eite, hecause the communications links hecause the communications links would slow up the flow of data.

Several UK universities are building up large distributed networks for educational and research purposes. Indeed Manchester University has three separate systems: the computer science department has 120 Sun workstations, of which 30 are used mainly for under-graduate teaching and 40 for research; there are about 25 Apollo workstations

for computer-aided design (Cad); and 75 Hewlett-Packard workstations will be installed over the next two months. The latter will be part of a campus-wide network which will have clusters of about 10 workstations in the main arademic descriptors. emic departments.

Professor Frank Summer, director of Manchester's regional computer centre, says distributed computing gives researchers in different departments an important psychological stimulus to work together. "It makes collaboration so much more convenient because you can see someone else's data and graphics instantly," he says. "When you have to walk 20 minutes to the other side of tha campus to look at someone's work,

Leicester Polytechnic has made per-haps the boldest step towards distrib-uted computing of any educational institution in the UK. "We got rid of

our mainframe two years ago and we now rely entirely on a network of Apollo workstations," saye Professor Peter Thewils. "Any student can sit down at any terminal on this system and get a stunning performance as if it were a mainframe."

under way."

The polytechnic has more than 100 workstations, which are used not only for teaching and research but also for administrative tasks which would noradministrative tasks which would normally be carried out on a conventional mainframe or minicomputer. "For example, we use the system to work out all the timetables for an institution with 7,500 students and 500 staff."

Professor Thewlis says that the polytechnic saved more than 2500,000 a year in leasing and maintenance costs by getting rid of its Burroughs maintrame — shough to any for the Application.

frame - enough to pay for the Apollo network. And, he adds, we have turned the room that used to house the mainframe into a new lecture theatre." plans ners

rds

(17)

LIVERPOOLSTREET

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THERE'S FAR MORE TO ANGLIA THAN YOU THINK.

Insanity romps through tales of machismo

n Hollywood the duty of every virile police hero is to look at the camera, smile smoulderingly and say "Ma-chees-mo."
The Naked Gun and Die

Hard are the same mug shot from two different angles. One is a zany comedy, the other an action thriller. Both are spiralling, wonderful studies in the tall-tales machismo of "man's gotta do" cinema. In the first, the writing-directing team who hrought us Airplane shows we can get high-flying hilarity from a comedy set on the ground. In the second, Bruce Willis is higher up, battling a skyscraperful of terrorists and rescuing the usual Central Casting consignment of hos-

Insanity runs in the police genre. To keen np hox-office momentum, the crimes must be ever more violent or per-verse, the hero's fight against them ever more macho or ingenious. But the genre's charm is that it can also dispense deep-cover insanity. The joy of *The Naked Gun*, written hy Jim Abrahams and Jerry and David Zucker and directed by the last, is its lunatic sobriety. List, is its funatic sobriety.

Like Airplane, here is a small pocket of the Western world buffeted by gusts of illogical and deadpan non-sequiturs.

Can police chief Leslie Nielsen – fresh (almost) from asking members of the earlier film not to call him Shirley - prevent a terrorist plot to assassinate H.M. the Queen on an American visit?

Never mind the plot. Her Majesty barely flits through, albeit in the spitting similitude of Jeanette Charles. Instead the entire film is composed of jewelled incidentals. It recalls the famous eggs of M. Faberge if Faberge had ever encrusted his fahulous ambryos with jokes instead of gems, this is what they (the eggs) would have resembled have resembled. Whichever scene you turn to

the light, it glitters. A shot vil-lain performs an exquisitely choreographed ballet of mishap before pegging out. (He touches a red-hot stove, jams his hand in a closing window, falls into a wedding cake). The point where a drowned man hit the water is marked by the police in a chalk body-outlina. A camera's-eye-view behind a wailing police-car siren follows the siren through dark streets, up pavements, toto and out of houses and finally onto a fair-ground roller-coaster. The "you are there" hyperboles of a cop-thriller credits sequence bave never been more uproariously spoofed. For UK audiences, the sponed. For the atmendes, the film climaxes in a long base-ball sequence whose jokes, roared at in America where I saw the movie, will probably be incomprehensible over here. (They were to me). However, to compensate my countrymen, reared as they are on the clo-acal chortles of the "Carry on" films, The Naked Gun features the longest, funniest - and cleanest - lavatory joke I have

Surrounding the impeccable Nielsen, who is to deadpan comedy what Michelangelo was to ceiling renovation, are Ricardo Montalban, George Kennedy and Priscilla Presley. The last plays Nielsen's beauteous key witness turned girlf-riend. By romantic firelight

ever seen.

THE NAKED GUN David Zucker

> DIE HARD John McTiernan

MANIC COP William Lustig

ARTHUR 2 ON THE ROCKS **Bud Yorkin**

one evening, the two pledge true love and safe sex. Cut to the bedroom where the two lovers are entering the amo-rous fray, each encased from head to toe in translucent rub-

Die Hard, a straightfaced Die Hara, a straightiaced action romp, cannot reach these heights, though it tries. Imagine that you are enjoying a Christmas Eve office party in the 40-storey Nakatomi Building in Los Angeles. Imagine that you have got past the first six canapes and two glasses of champagne. Imagine that you are feeling secure because nei-ther Paul Newman nor Steve McQneen has yet rushed in shonting "Fire!" And then imagine that a gang of terror-ists bursts in, shooting dead the boss and demanding X million dollars from the high-secu-rity company vaults. How frightful the whole situ-

ation would be without visiting New York cop Bruce Willis. (His wife Bonnie Bedalia is

among the hostages). Bruce is twiddling his toes in a private office when the mayhem begins, so he has the advantage of concealment. Soon he is legging it incognite all over the horror-struck high-rise, meting out guerrilla surprises to the gang, picking off their marksmen, dynamiting whole floors and sending walkie-talkie threats to their leader. He is played, viss Cherman accent, by our own Alan Rickman.

This axhilarating romp is directed by John (Predator)
McTiernan as if his life or career depended on it. He need have no further worries: the film has mopped up 80 million dollars in America alone. A smart script - "Now I know what a TV dinner feels like" mutters Willis while crawling through a narrow ventilation shaft – gets together with good acting and hi-fi special effects to produce what may wall prove the best action thriller of the year.

As well as embodying law and order as in *Die Hard*, or safe sex and safe crime as in *The* Naked Gun, the American policeman can embody run-away psychosis. Indeed this often seems to be a prime qualfication for the job. In Maniac-fication for the job. In Maniac-Cop, directed by William Lus-tig and written by Larry (It's Alive) Cohen, one of "New York's finest" has turned into one of New York'a nuttiest. A uniformed madman, he walks the streets strangling women, shooting innocent pedestrians and slicing up fellow cops. Can

he be stopped?
In Britain you never find a policeman when you want one.

In America you never want a policeman when you find one. This movie is crude, action-packed — or at any rate inurder-packed — and deeply, deeply dotty Showing in a double-bill with something called Ghostchuss (in which an animated, ET-like hutter returns from the dead to help a will-hunting L.A. teenager), it can be recommended only to those who come well-lubricated from a terrorist-free office

Speaking of lubrication, we

have Arthur 2 On The Rocks.
Here Dudley Moore, the small
British export, gets together
with Liza Minnelli, the tall US
domestic resource, to produce
a gross international product. Arthur 1, if we may so call it with hindsight digitalisation, with minosignt ingitation, was at least modestly stream-lined in its assembling of ste-rectypes: the drunken young toff (Moore), the snooty English butler (John Gielgud), the let-it-all-hang-out New the let-it-all-hang-out New York girlfriend (Minnelli). Arthur 2 is like a hasty refit from which the wings and engines keep falling off. The plot is desperate: Moore loses his fortune and has to frequent the employment offices, Liza cannot have a baby and wants to adopt one, and Gielgud (who died in Arthur 1) does a sort of Ghost from Buttling Past cameo. Bud Yorkin's direction fails to make any of the performances shine, except in well-radiated embarrassment.

Finally, a warm ripple of applause for British filmgoers, who have once more jacked up attendance figures for a



Ricardo Montalban and Priscilla Presley in "The Naked Guir"

twelvemonth. At over 78 million, tha recorded cinema admissions in 1986 were 5 per cent up on those in 1987. And even these figures, compiled by even these figures, complied by the Cinema Advertising Asso-ciation, exclude the CIC/UA multiplex chain (formerly AMC) and the BFI's Regional Film Theatres: both, to their patrons, undonbted delight,

Already our own two major chains, Rank and Cannon, are whingeing about invidious competition from the militiplex invaders of America. The message to you, gentlemen, is sim-

outlying Cannon or Odeon cin-emas have resembled excursions to the lost tombs of King

ple. Stop whingeing and improve your own performance. Clear those dreadful not being leadened by the commanders off the screens; heart the chemas properly in winter and air-condition them in summer; and give your patrons a generous choice of movies.

The new multiplexes have taught us that chemas can be places where 20th century discount our own exhibition for the places where 20th century discount which five years ago humans meet in clean completely plungs British attendance figures to their all-time roundings. By contrast my sow, and which is still alow, it own recent visits to certain seems to get the message of a new era.

Nigel Andrews

Tom Jones

PALACE THEATRE, WATFORD

Like a not quite successful souffle, this sporadically rol-licking adaptation is crisp and fiavoursome round the edges hut soggy in the middle. It opens with bounce as the smallish cast (six actors and Rupert Graves) make it plain that they are to embody Fielding's teeming bost of characters with cheerful disregard to consistency in age or sex. It ends to the strains of Boyce, rational good humour and rohnst sweetness personified, the final episodes having been lifted by Alison Skilbeck's superbly controlled Lady Bellaston and the generally styl-ish portrayal of London's deca-

dent beau monde. The countryfolk come off less well, their bucolic rompings subject to the law of diminishing returns. This is plainest in the frenetic comings and goings at the inn at Upton, with its mistaken identities, coincidences, unhappy discoveries and general elaborate confusion - a Feydeau farce before its time. The company works with a will and unflagging energy hut the whole scene goes on too long, runs down like unwound clockwork and gradually loses impe-

Andrew Wickes' adaptation fondly packs in too much of the book, even for the three hours' traffic of this particular stage. We even get a visit to Hamlet (nice cod attitudinising performances on stage watched by Jones and the wondering Partridge from one of Watford's pretty auditorium boxes) which clogs the narrative flow

Ultz's design strips the stage for action: the opening scene, backed by the theatre's bare brick wall, scatters the floor

with cabbages and the odd sleeping figure to a sound-track of bleating and snoring. Sticks of furniture and screens are deployed, as is a scaffolding platform to another audito-

rium box. Matthew Francis' direction requires quick and giddy changes from the players, mostly carried off supremely well. William Relton alternates his primly hypocritical Blyfil with an exquisitely wry Mrs Fitzpatrick; Hngh Ross changes from an Allworthy quietly benevolent (and con-vincingly good - quite a feat) to the sourly genteel Aunt Western; David Killick's loyal semi-educated Partridge gives way to the unexaggeratedly foppish nefariousness of Lord Tames redeems the muted understatement of his comic gifts in the Renaissance Twelfth Night with a gallery that includes a lawks-mum landlady and a Squire Western splendidly sporting a Georgian wig com-posed of fox-brushes. Like his colleagues, he deserves a less inhibited response than the bemused Watford burghers are prepared to give.

The central pair are less successful. Jan Raven is a drab Sophia and takes to her travesti roles without the relish her male colleagues bring to theirs. As Tom, Rupert Graves moves by numbers, utters lines as if faintly surprised at the resultant sound, and brings a perceptible air of effort to such technically sophisticated theat-rical complexities as walking and speaking at the same time. In sbort, he is cut out for the

Martin Hoyle



Rupert Graves and Alison Skilbeck

Songmakers' Almanac

cal apostrophes to it by poets such as Goethe and Klopstock. Perhaps a whole recital on the theme does risk a sameness of mood, but it is extraordinary the number of really fine Schubert Lieder that can be gathered under this nocturnal

cloak In Tuesday's recital there was, indeed, an even greater selection of material than usual, as Graham Johnson had dispensed with the spoken dispensed with the spoken interludes that are customary on a Songmakers' Almanac evening. Just two singers shared the programme, their joint simplicity of style suggesting that the word had been put about beforehand that any

For Schubert, as so many early romantics, the moon was a potent symbol of artistic imagery and the composer's song repertoire contains many lyrical apostrophes to it by poets

display of strong personality werbal detail of which she too is capable: "Des Madchens Klage" and "Die junge Nonne" both created convincing dramas in miniature, with the poetically turned and voice always full of life and interest to the control of t poetically turned and mellifluous singing. This tenor gives us what we might recog-nize very much as "English" Schubert, with all the understated musicality and floated head-tones that the expression implies; but none the worse for that, when he sings with as irresistible a beauty as he did in "An den Mond" or the plain-

in "An den Mond" or the plaintive "Des Fischers Liebesglück" at this performance.

The mezzo Sarah Walker is
by contrast an outgoing singer
and seemed to have been persuaded to rein in her more ahrasive talents. The simple Schubert style comes to her less easily, but that is not to deny the quality of line and

intensity, even singing at pp. The only song that she failed to bring off was "Erlkönig", where Graham Johnson's fran-tic assault on the famed triplets in the accompaniment may have been unsettling. Elsewhere the pianist was his usual inspiring self, finding the subtlest shades of colour to breathe a different atmosphere into each nocturnal picture. The programma aeams ready-made for his great enter-prise of capturing the complete cycle of Schubert Lieder on record.

The Alchemist

CITIZENS THEATRE, GLASGOW

Ben Jonson is not easily moved the dream factory liself, and from his London environment. the ordinary life of a great-Renaissance city is, as Anne-Barton has remarked, nowhere:

more extraordinary than in The Alchemist
Taking a much harsher, more pitiless look at this masterpiece, the director Robert David MacDonald fast-forwards to the Hollywood lazz age and converts the gulling tactics of Subtle and Face into the farcical scenario of a Marx Brothers movie: "Concept" is a dirty word in the British theaire at the moment (not that we were exactly awash in "concepts" Immediately Lovewit s

when Ron Denactic a mountainous, white suited Epicare
Mammon inventories his hists
and predilections, he resembles
no one so much as Fatty
Arbackle revving up for one of
his cataclysmic legendary The cutting is extremely heavy, occasionally injurious to rhythm and the mood of luxmiant rodomontade that hangs like a pall over the illicit shindig. We lose Dapper, But in just over two hours, the pro-duction does achieve the cru-

when Ron Donachie's moun-

world with a surreal alternabordello of banging doors, buzzing bells and distant traf-fic noises. Subtle's alchemical also pushed the dream mery frandulence when placed at the service of willing subscribers is only another way of describing and banisters that zigzag

cial effect of displacing the real

upwards like a meandering minical stave. Peter Jonfield's Subtle is

Peter Jonnield's Subtle is rather too laconic as the mad-cap chest who greets each vic-tim as a white-coated scientist in an Einstein wig. The Jon-sonian spirit of inventively aspacious joy in disguise and manupulation is much better embodied by Laurance Rudic as Face, a sly mutant who has exchanged a personality of granite servility for a new lease of life as a sinisfer, limping laboratory assistant wor-thy of Peter Lorre. Equally good is Anne Myati's raddled but fleshy Dol

word with a surreal anema, mysics removed suches yield tive.

Shot entirely in black and of energetic promise in black white and costomed in him, under wear and Stewart Porter pergs, financier printering, formally explodes any into a cioche hats and appeared in a second Codes, prompting a surre wear Stewart of a second Codes, prompting a re-write of the line about his head in a platter. Without a ruff, he now Tooks like a turd in a florist's."

Michael Coveney

Just Frank

January 27-February 2

brought up in Edinburgh, Frank Gilchrist joined the Scots Guards in time for the Falklands, was shot in the leg, acquired an addiction to morphine and joined out at just about the time that Alds was beginning circulate among the Richard Fairman beginning circulate among the shared needles of Britain's

were not going to go away at all. So began the job of coming to terms with Atda, and so began Philip Hedley's interest in his story.

The biographical details supplied by Glichrist for writer Vince Forall create their own drama. They are the details of a healthy heterosexual life turned upside down, not a healthy heterosexual life turned upside down, not merely by disease but by war the implication being that the upheaval of war created the ambiance for Alds while the sundence is invested in the problem with the ambiance for alle human constitution. The problem with the ambiance is meaningly set around a her at which the ambiance is meaningly set around a her at which the suiteness for its effect on the problem with the ambiance is interval drinks before returning to arrive at the point of interest.

His description of the execution of the evening to arrive at the point of interest.

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The good thing about Just dependence of the construction of the co

ARTS GUIDE

EXHIBITIONS London

The Royal Academy. Italian Art in the 20th century; after German and British, the third in the Academy's roughly biennial sequence of major national surveys. This is an exceptionally thorough study of the earlier phases, clearly setting out the



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> International Investor's Directory

several developments of Futur-ism, Metaphysical Painting, Real-ism and Abstraction, but is rather more cursory and het-ter-skelter in bringing the story up to date. Daily until April 9, except Good Friday; sponsors

Grand Palais. Paul Gauguin. Coming after Washington and Chicago, 250 works from the United States, the Soviet Union, Japan and Czechoslovakia, together with those in French pressession from the first great possession, form the first great retrospective since 1949 of the legendary peintre maudit. Janu-ary 14 until April 24, closed Tue; late closing night Wed (42 96 58 sm

30). Louvre. Pavillon de Flore. Rembrandt and his school are on show in two exhibitions at the Louvre. 72 drawings constitute a panorama of Rembrandt's masa panorama of Rembrandt's mas-terly work and can be compared with 54 drawings executed by his pupils. The other exhibition consists of 29 canvases by Rem-brandtesque artists and is espe-cially interesting in view of the recent controversy about attribu-tions of some of Rembrandt's own paintings. Both exhibitions closed Tue. The first ends Jan 30, the second March 27. Entry 30, the second March 27. Entry from the Quai des Tuileries, opposite Pont Royal (42 60 39

26). Le Louvre des Antiquaires. A show of wallpaper from 1720 to 1930. The exhibition displays 300 samples of this minor decorative art and shows how its devel-opment followed, and underlined, the changes of fashion, 2 Place du Palais Royal (42 97 27 10), Closed Mon, ends April 2.

Musée Bellevue, Les Flacons de la Seduction. The art of per-fumery in the 18th century. 7 Place des Palais. Ends Feb 19. Musée D'Art Moderne. A retro-spective of the paintings of Jean-Jacques Gallard (1890-1976). Closed Monday. Ends March 12.

Rotterdam

Boymans-Van Beuningen Museum. Twin exhibitions on Rembrandt and his school com-prising a lavish 200 drawings and 30 paintings, all from the museum's own collection. Ends March 5

Antwerp

Koninklijk Museum Voor Schone Kunsten. Leopold de Waelplein. Golden Light: Art of the Icon. Contains 185 icons dating between the 13th-17th Centuries.

Many of the Byzantine, Cretan
and Russian icons are on public
view for the first time and are
lent mainly from private collections. Closed Mon. Ends Feb 5.

Brucke Museum. Emil Nolda (1857-1956). The exhibition con-centrates on Nolde's most creative period in Berlin in 1910-1911. There are about 125 pictures, aquarelles, lithographs

and etchings. Bussardsteig 9. Ends Feb 5. Stuttgart

Stuttgart Museum. The most important pictures of the famous Thyssen-Bornemisza collection covering the period between 14th-18th century as well as works by Holbein the youngest, Frans Hals, Peter Paul Rubens and Albrecht Durer. Until March.

Kunstlerbaus. The Soviets are becoming more relaxed about exhibiting their treasures abroad. The latest to hit the West is a The latest to hit the West is a collection from Laningrad's Harmitage which is devoted to Scythian Gold, the golden artifacts of the Scythians, a nomadic people who once ruled over a large area north of the Black Sea. The 170 exhibits — ranging from gold-embroidered clothings, earrings and tablewear — were found in the ritual grave mounds of the Scythian kings. Ends February 26.

of the Scythian kings. Ends Feb-rusry 25.

Kunsthistoriches Museum. Pra-gue 1600 — A marvellous exhibi-tion looking at the court of Rudolf 11, the great patron, not only of the arts but also the sci-ences. He kept Johannes Kepler, the astronomer from near starva-tion, and made Prague a centre of learning and culture. Ends Feb 26.

Villa Farnesina, Via della Lungara 230. Over 100 fierce lith- National Gallery of Art.

ographs by the French artist Honoré Daumier, most of which originally sopeared in the Parisian satirical paper Charivari. Unable to attack his monarch Louis Philippe directly during the years 1839 to 1848, Daumier lashed out vicionaly at other monarchs, mostly European, but with a particularly vicious series directed at the Emperor Soulouque of Haiti, for their racist attiftinges. Unit Feb 28. Galleria Nazionale d'arte Moderna. Witty conceptual art by one of the best of the middle generation of Italian artists, GiulioPaolini, born in Genoa in 1940. Until Feb 28.

Castello di Riveli. Alberto Gia-cometti (1901-1966). A retrospec-tive of the Swiss artist's major works, in large part those shown in the French pavilion at the 1962 Venice Blennale (when Gia-cometti won the sculpture prize). Until Feb 26.

Metropolitan Museum of Art.
More than 100 works by
south-west American artist Georgia O'Keeffe covers the range
of her career, focusing on her
influential abstracts, flower
paintings and stark desert landscapes. Half of the works are
from the estate of the artist, who
died in 1986. Refs Feb 5 died in 1986. Ends Feb 5

Washington

Cézame: the Ezriy Years. Already seen at London's RoyalAcadesny of Art and the Musée d'Orsay in Paris, the exhibition comprises 65 oils and 35 drawings showing Cézanne's protoings showing Cézanne's protofour city US tour of the contemporary German artist Cerhard Richter, the retrospective of the62 year old artist has raised American appreciation of hisfigurative and abstract périods with 44 paintings as well as an installation piece based on colour photos and two objects. Ends Feb 12.

Tokyo

National Museum. Treasures from the Ninnaji Temple in Kyoto. This Zen temple was founded in 888, but most of its present buildings date from the 16th century. The temple is a recognised centre for the gentle arts of the tea ceremony and flower arrangement and its treasures include beautiful glit Buddha statuettes, lacquerware and porcelsin from the Helen period. Begins January 31. Closed Mondays.

days. Striped House Museum. Exhibiscriped nouse susseum. Extendi-tion of plaintings by Klyosini Koizumi, third son of the late 19th century writer, Lafcadio Hearn, who became a naturalise Japanese citizen. Koizumi's life and work were inevitably torn and work were inevitably form between eastern and western influences, although his best paintings were influenced mainly by Fauvism.

London Philharmonic FESTIVAL HALL

To the meagrest of houses, the London Philharmonic under Jacek Kasprzyk performed Jacek Kasprzyk performed works by Elgar and Francis Routh in the Royal Festival Hall on Thesday night. The event was promoted by the Redcliffe Concerts — a society for the furtherance of music by living British composers — to mark its twenty-fifth amniversary. It was a diamal failure.

First, Kasprzyk led an account of Elgar's Introduction and Allegro for Springs notable for sour intonation at the start, reckless dismissal of the sub-

reckless dismissal of the sub-tleties of the central fugue, and general plodding insensitivity to both the letter and the spirit of the score.

Then came Mr Routh's own Poème fantastique for piano and orchestra, Op.48, in which the soloist was the American Jeffrey Jacob. Routh is the long-serving artistic director of the Redcliffe Concerts, and it is no coincidence that a long work of his own happened to appear on this programme. To relate the musical detail of his three-movement essay would Then came Mr Routh's own three-movement essay would be tedious and improper: be tedious and improper-strictly speaking, Poème is not-yet music, but, in its raving incoherency, merely an expres-sion of the will-to-music. Finally, Elgar's symphonic study, Faistoff, was murdered.

Paul Driver

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FINANCIAL TIMES

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Thursday February 2 1989

The summons from the US

LIKE fractious satraps of a February 1987 and below rates crumbling empire, the finance ministers and heads of ceotral banks of the Group of Seven industrial countries have been persuaded to pay their respects to the newly installed US Administration. But the empire is not what it was, as has been shown most clearly by the pointed lack of enthusiasm of Japan and the UK.

Not that such meetings are pointless, however modest their achievements. The exchange of views that began under the aegis of Mr James Baker, then US Treasury Secre-tary, has served the world well. It has not delivered the miracles of co-ordination recommended by the more enthusiastic proponents of such ideas, hut it has been far better than what went before.

Furthermore, there are sub-jects clearly deserving of dis-cussion, Third World debt being an outstanding example. Signs of reborn intellectual life on this subject can be detected in Washington. Such ideas are timely, since a new approach is urgently needed.

Monetary policy

But the issue of international economic co-ordination cannot be avoided. On this the meeting may achieve most by promising least. With the range of instruments subject to effective co-ordination so limited, it is dangerous (not to mention, implausible) to promise too much of monetary policy, the one instrument that is left. Since intervention in the foreign exchange markets is of limited effectiveness without relaxing monetary policy, too, targets for exchange rates have to be kept fairly loose. This is a lesson that has

been learned the hard way hy Mr Nigel Lawson. Mr Greenspan, too, knows that US monetary policy cannot, will not and sbould not he made regardless of domestic inflationary pressures, a sentiment to which Mr Karl Otto Pohl would say "amen." Ultimately, central bankers are judged by their ability to deliver domes tic price stability, not stability on the foreign exchanges.

for this reason, the G7 will have to be reasonably relaxed about the vagaries of the dollar, which is, in any case, still trading within the range seen since the Louvre Accord of reached last summer. The US economy cannot shift resources into the balance of payments on a large scale without seriously aggravating the risks of inflation. Faced with the choice between the inflation tax, on the one hand, and external deficits, on the other, Mr Greenspan has rightly chosen the latter.

With central bankers orienting the bulk of their attention to domestic price stability, movements in the exchange rate should be seen first and ost as a prime indicator of the tightness of monetary policy. They should also be the occasion for international dis-cussion of relative monetary tightness. At present, for example, there is a case for Mr Greenspan to pursue a somewhat looser monetary policy than he might prefer on purely domestic grounds and vica versa for Mr Pöhl.

Imperial twilight

The more ambitious the pro-cess of co-ordination, the greater the number of instru-ments required, with fiscal pol-icy most missed at the nt. What can Mr Brady, the new US Treasury Secre-tary, offer on this front? His master's "flexible freeze," remains highly implausible, not least to those familiar with UK experience. Thus Mr Bush s to freeze the real level of federal expenditures. By contrast, Mrs Thatcher's far more determined and, in domestic terms, far more pow-erful Government merely managed to keep the real growth of public expenditure to just under 1 per cent a year in the favourable (because economi-cally buoyant) period between 1983-84 and 1987-88.

The Amaricans seem quite unaware of how much is at stake. Outsiders find the sight of this great country struggling to eliminate a fiscal deficit, so modest in itself but so large when set against American net savings, astounding and dis-turbing in equal degrees. When Mr Bush summons, the allies will come. But he would be fooling himself if, like an emperor in the twilight of the Roman Empire, he hopes that cajoling his erstwhile tribu-taries to act on his behalf will prove an effective alternative to reforms at home.

Price-fixing in commodities

commodity pacts are not yet quite finished, they certainly received another hlow last weekend when talks aimed at restoring some life to the international cocoa agreement failed to resolve any of the problems which have confronted it. Producer and consumer delegations from the 41 nations belonging to the pact clashed on both political and technical issues. The agreement is in suspension, its buffer stock replete and its other key clauses moribund. awaiting more talks later this year aimed at discovering whether enough common ground remains for its renewal

While it is difficult to generalise even about so-called soft commodities like cocoa, coffee and rubber, the three for which semi-effective agreements still exist, the failure of the cocoa talks illustrates some of the difficulties involved in making these arrangements stick.

As the talks showed only too clearly, major political differ-ences exist between the two agreement. The 18 producing countries, many heavily dependent on the crop for export earnings, want guaranteed prices which will more than cover their costs. Consumers see the pact as having the more limited function of stabi-lising prices around a trend.

Pact undermined

It is this issue which has prevented the operation of those technical clauses of the agreement designed to take cocoa off the market. Prices fell so far and so fast early last year that the huffer stock limit of 250,000 tonnes was quickly reached. Since then the two sides have famed to agree to move to the second stage, which envisages producers being financed by the agreement to withhold

cocoa in their own countries.
Failure to agree on thess
measures has resulted in the
pact being further undermined. As prices have remained low at around £850 a tonne or only half the price prevailing when the agreement came into force key producers are in arrears

IF THE world's remaining with payments to fund the commodity pacts are not yet agreement. Ivory Coast, the largest producer, owes \$56m out of total producer arrears of

> Even more significantly, Ivory Coast has unilaterally decided to withhold cocoa from the market. In a controversial deal now being examined by the European Commission, late last year Ivory Coast sold 400,000 tonnes of cocoa to Sucre et Denree, the French company. The price at which the deal was dona is not known, although half of the cocoa is to be stored for two years. It is widely suggested that the French Government a party to the cocoa pact - has

Structural imbalance

All these events have deep-ened mistrust and undermined confidence thet the agreement can be made to work, or that a new one would make sensa. But these sentiments are reinforced by the sort of structural imbalances which it is surely unrealistic to expect any commodity pact to redress.

Over the last 20 years cocoa
production — spurred hy
World Bank aid — has expanded rapidly, from some 1.2m tonnes to 2.3m tonnes a year. Consumption, at just under 2m tonnes annually with world stocks currently estimated at nearly a million tonnes, has

failed to keep pace.
So does the current débacle suggest that the cocoa agreement, and perhaps other soft commodity pacts with it, should be scrapped? It is per-fectly possible that the cocoa accord will collapse under the weight of its own contradic-tions. But the coffee agreement just escaped a similar fate last autumn, while the natural rubher pact, thanks to rising demand and a better structural

balance, is relatively healthy. Clearly commodity pacts are very imperfect instruments, hut there is little else to put in their place. To reconcile the inevitable conflicts of interest requires a degree of restraint and flexibility on the part of both producers and consumers which appears to be lacking in the case of cocoa.

Robert Graham and Stephen Fidler look at the prospects for international action to ease Latin America's crippling debt burden

atin America's mountain of foreign debt is still an issue of vital international concern after more than six years. The centre of concern has shifted, however. It is no longer a question of protecting the international financial system by avoiding a huge default—the systematic reduction of hank exposure and the build-np of cushlons exposure and the build-np of cushions against losses has virtually eliminated serious risk of a banking collapse. Instead, attention is now focused on the plight of the debtor countries.

Prolonged austerity has resulted in a decade of lost growth in Latin America. A mixture of poor management and unpopular policies has weakened the authority of fragile weakened the authority of traghe democracies, yet no significant dent has been made in the region's debt hurdan, which now totals \$415bn (£240bn). Over the last five years, Latin America has paid out \$120bn more to service its debt than it has received in new loans. If net outflows of resources continue at this pace the evidence suggests they may be rising not falling — economic growth will be severely depressed and the region will be condemned to sustained

region will be condemned to sustained stagnation and a consequent worsening of social and political unrest.

In short, the present crisis revolves round the ability of democratic institutions to survive in such countries as Brazil and Argentina. It tests the willingness of the international community to accept that such survival is the term long term interest.

in its own long-term interest.

The Baker plan, which has guided the international approach to the problem since it was proposed in 1985 by Mr James Baker (then US Trea-sury Secretary, and now Secretary of State), accepted the principle that countries which managed their econo-mies properly should receive fresh funds to bring about a return to growth. Commercial banks have not, however, provided dehtors with the funds that Mr Baker envisaged.

The limited role of the banks was underlined by a report last month from the Institute of International Finance, a Washington-based forum for international banks. The debt of the developing world's 15 higgest borrowers (which also includes the Philippines, Nigeria and Yugoslavia) to foreign banks rose only slightly from \$262bn in 1982 to \$280bn last year, but their total foreign debt burden rose much more sharply from \$390bn to \$499.5bn. As a proportion of total debt, the banks' share has dropped from 67 per cent to 56 per cent.

The case for the Latin American

debtors was put with firmness by President Carlos Salinas de Gortari of Mexico in his inaugural address last December: "In economic stagnation, democracy would fade."

He went on: "We shall not grow in any lasting way if we continue to transfer abroad each year 5 per cent of our national product. This situation is unacceptable and cannot be sustained. I shall avoid confrontation; hut I emphatically declare my conviction that the interests of Mexicans come ahead of the interest of our creditors. Our priority is no longer to pay, but to resume growth."

These words come from the leader of a country which has striven to work within the framework of the international financial system; and they were uttered in spite of a \$3.5bn bridging loan obtained from the US Treasury last November.

In return, commercial bankars insist that they cannot be expected to underwrite economies managed so badly that capital flight is endemic. Generally ignoring their own roles as beneficiaries — much Latin American flight capital sits on deposit with Western banks - they point out that foreign assets of countries with debt

| | | | | Debl | ratios 2 | | |
|-----------|---|--|------------------------|---------------------|-------------------------------|---|---|
| | Election | Foreign ¹ debt (\$bn) | of which 1 private (%) | Debt/ GNP (%) | Interest/ Exports (%) - | Secondar market price of bank loan | Ĭ |
| • | | | | • | | (cents on \$ | |
| ARGENTINA | May 1989 | 59.6 | 79.4 | 73.9 | 41.5 | 20.00 | |
| BRAZIL | Nov 1989 | 120.1 | 76.8 | 39.4 | 28.3 | 34.50 | |
| CHILE | Dec 1989 | 20.8 | 74.3 | 124,1 | 27.0 | 60.50 | |
| COLOMBIA | Mar/Apr 1990 | 17.2 | 48.0 | 50.2 | 17.0 | 56.50 | |
| CUADOR | 1992 | 11.0 | 63.0 | 107,4 | 32.7 | 13.00 | |
| MEXICO | July 1988 | 107.4 | 78.1 | 77.5 | 28.1 | 38.50 | |
| PERU | Apr 1990 | 19.0 | 61.5 | 40.5 | 27.2 | 5.50 | |
| /ENEZUELA | Dec 1988 | 35.0 | 99.3 | 94.5 | 21.9 | 37.00 | |
| 2. World | d Bank: end 1988 es d Bank: based on 19 non Bros. | | | | | | |
| Vo | ie/ | г | L, 23. | | | | |
| | | | | N. Washington | | | |

Need to staunch the haemorrhage

servicing problems amount to 45 per cent of their external deht.

The view that many debtors must significantly improve their economic management is widely held among Western governments, multilateral institutions and increasingly among officials in the debtor countries themselves. The debtors' response has so far been an erratic combination of stabilisation programmes, public spend-ing cuts, import reductions, export increases and rescheduling.

On the positive side, the crisis has generated increases in exports and the beginnings of a potentially important long-term trend towards diversification away from traditional prod-ucts. There has also been a growing acceptance that economies should be ess cluttered with regulation and that private initiative must be given a greater say at the expense of the public sector's dominant role.

But against this, the fall in the region's growth has been dramatic.

Most countries have not clawed back

the drop in gross domestic product suffered in 1982-83 and several are back to the levels of the 1970s. Colombia, which has not rescheduled, is the recorded consistent positive growth each year since the onset of the debt each year since the onset of the debt crisis. Chile, widely accepted as the most successfully managed economy, only last year managed to recoup the fall in GDP suffered in 1983. Since 1984, Latin America's per capita growth has scarcely averaged 1 per cent a year after the region's 2.2 per cent annual population increase has been taken into account.

Tha cumulative effect of reduced state spending is already being felt in poor maintenance of public utilities and lack of imported spares. Plant is deteriorating faster than it is being replaced. In Argentina the banks have replaced. In Argentina the banks have just had to adjust their hours to accommodate lengthy power cuts. In Peru almost every public service from roads to water is in rapid decline.

The axa on public spending has fallen where it has been easiest to wield — on education, health and housing — often at the expense of

housing — often at the expense of more deserving targets like bloated administrations and unnecessary public corporations. Only last month, in the third attempt at a major stabilisa-tion programme in four years, did the tion programme in four years, did the Brazilian Government promise to make some cuts in the Civil Service.

Austerity combined with the governments' reduced social rola has encouraged an increased influx into the cities. This has put further pressure on strained infrastructure, raised

crime rates and stimulated parallel economies all too often driven by funds from the illegal drugs trade. "Unless this depression can be ended, it will feed on itself," concluded a report published recently by the Inter-American Dialogue, a group of leading US and Latin American liberal politicians and academics. The sense of hope in moderate democratic government, so evident in the early 1980s as Argentina led a regional trend away from military rule, is eva-porating. Most democratic govern-ments have proved at best well-meaning, at worst incompetent and

As a result there is fertile ground either for the military to return (even though they seem reluctant to step in directly because things are in such a mess), or for a new brand of populist like Carlos Saul Menem, the Peronist candidate in Argentina's May elec-tion, or Leonel Brizola, the left-wing leader in Brazil.

These countries can undoubtedly do

more - by improving economic management, by better fiscal discipline, by encouraging imaginative debt reduction schemes and by providing a more attractive environment for domestic capital to prevent capital

Much of this is accepted in three of the four main debtors: in Brazil, where there is, nevertheless, a ques-tion of political will and a pending election; in Mexico; and in Venezuela, where the new President, Carlos Andres Perez, is expected to announce an economic programme acceptable to the International Monetary Fund. (It. is not accepted in Argentina, where there seems little appetite for a deal with creditors.) But this approach also implies an expectation that more will be done from the creditor side. The Mexican President has laid down four premises on which Mexico's foreign debt negotiations will be ba Net transfers of resources abroad must be reduced.

The debt stock must shrink. New resources must be made long-term to avoid annual negotiations.
 The proportion of debt in relation to gross national product be reduced. Such objectives are now accepted by a wide cross-section of bankers and

officials in debtor and creditor countries and at the multilasteral institutions. Ideas on how to achieve this will undoubtedly be discussed by the financial leaders of the Group of Seven industrialised countries when they meet in Washington tomorrow.

The banks have, over recent months, industed that they would in theory, be willing to countenance more medium turn lending, provided the conditions were right. They would also welcome a further expansion of techniques to ease debt burdens but insist banks participation must be voluntary.

insist banks' participation must be voluntary.

Debt reduction, such as debt equity swaps where loans are exchanged for equity stakes in companies in the debtor country, allows debtors to benefit from the discounts at which banks are willing to sell these loans. Debt reduction is widely, though not universally, regarded as helpful. Regulatory, accounting and tax obstacles need to be cleared away if the benefits need to be cleared away if the benefits to debtors are to increase, but almost nobody believes it alone can provide a

nobody believes it alone can provide a solution.

The banks continue to dig their heels in over curright debt forgiveness, saying any mandatory debt relief would be contested in the courts. They also — not least because share prices of banks in some countries react favourably to reports of falling Third World exposure — make no secret of the fact that the chances of a large increase in their direct leading to troubled countries are low.

The key to the deadlock in the eyes of many debtors is the US. Mr George Bush, even before his inauguration, accepted the need for a reassessment of debt strategy while Mr James Baker in his new role has already given debt a high priority, specifically naming Mexico, where US commercial and strategic interests are most directly al risk.

US officials are downplaying the likelihood of revolutionary changes in the strategy because they do not want to inflate expectations, or encourage the impression of imminent crisis. Accordingly, it seems that a departure from the "case-by-case" approach of the Baker Plan is unlikely.

Tha US Administration's statements suggest it will build on the voluntary debt reduction techniques

ments suggest it will build on the voluntary debt reduction techniques already developed hy commercial banks, provided this does not offend the general principle that Western governments will not take over the devalued assets of private creditors. It will attempt to encourage further new lending—a move to make it easier for US banks to capitalise interest is one possibility. A broader role for the International Monetary Fund and World Bank may be encouraged.

The other members of the G7 recognise Lettin America as Westington's

inse Latin America as Washington's legitimate sphere of influence and that the US will probably set the pace. Some will, perhaps, be keener than the US to see the resources of Japan used to alleviate the problem.

However, there are differences. A simmering dispute among industrial countries — about whether the IMF should continue to take the leading role in resolving the crisis, or whether the World Bank should expand its fraction—risks slowing the process function - risks slowing the process of reaching agreement.

If technical difficulties stand in the

way of staunching the outflows from be lost. The alternative to rapid action by creditor countries is an unpleasant one for for President Bush and his Cabinet: "to be confronted," in the words of Mr Jean Baneth, a senior economist at the World Bank, "at their borders or on their shores with economic stagnation, with political and social upheavals, and with the streams of refugees that inevitably accompany them."

fair to

1.5

Current cost inflation

The rate of inflation in London reached nearly 12 per cent in the year to last November. Or at least it did for the 8,000 or so people training to become chartered accountants in the capital.

Rather than relying on the official RFI, two bodies – the London Society of Chartered Accountants and the Chartered Accountant Students' Society
of London – have their own basket of goods for the typical would-be accountant to track the true rise in the cost of liv-

ing.
The basket reflects a modest, almost proletarian lifestyle for the typical trainee: four pints of bitter and a trip to the cinema each week, as well as one (medium) portion of cod and chips. No wine bars and fast cars. And, says one of those involved in putting the basket together, "no girlfriends or anything like that."

The typical trainee accountant, it seems, rents a room in Muswell Hill or Clapham, does not take a holiday, and shops in Sainshurys and Marks and Spencer. He or she eats

and Spencer. He or she eats
sausages, pork chops, pizza
and fish fingers, with not a
steak in sight.
This package, described as
"the barest minimum", costs
£5.807 a year, requiring a gross
salary of £7,812.

Man for Tokyo

■ The new US Ambassador. to Japan is Michael Armacost: an official announcement is expected today to coincide with the meeting in Washington between Prime Minister Noboru Takeshita and Presi-

Armacost is one of the most senior career diplomats at the State Department and a Japan expert. Now 51, in the Reagan years he was the third-ranking official under Secretary of State George Shultz. He speaks conversational Japanese, culti-

OBSERVER

vated during two tours in the country: in the late 1960s, he was Visiting Professor at the International Christian University in Tokyo and, in 1972-74, assistant to the US Ambassa

MB's warrants

■ Although much was at stake at yesterday's meeting of MB Group warrant holders, held amongst the wood panelling and stained glass of the Ironmonger's Hall, the rough and tumble was carefully ordered and tumble was carefully ordered. and every form properly observed. Even Ross Luke of Elders Investments, which holds over a quarter of the warrants, failed to live up to the image of Australians by wearing a typical City suit for his moments of stardom.

Under the chairmanship of Nigel Johnson, a partner in Allen & Overy, the City solicitors, the meeting was firmly put through its paces from the 10.15 official start to the adjournment at around 11.00. It took only a few minutes for Johnson to decide the meeting had a quorum. If a demand from Luke to know how many of the warrants were repre-sented at the meeting was a time-wasting tactic, it was

good for only 10 minutes while the totting up was done. Once the serious business of Luka's proposal to adjourn the meeting was under way, it could only have taken 20 minutes of civilised thrust and parry to agree the wording of the resolution, and barely a few more minutes to pass it unanimously.

Toyota's firm ■ Braxton Associates, the con-



The noise, I don't mind it's the train spotters."

develop a European manufac-turing strategy, is an elusive firm. "They are not as secre-tive as Bain, but they don't talk about themselves much," said the lady from the public relations agency recently hired by Braxton. "They are not even prepared to confirm to the press that they are working for Toyota."

The firm was formed as a hreak away from the Boston Consulting Group in the mid 1970s. In 1984 it was bought by Touche Ross International, accountants and consultants.

Braxton operates out of Bos ton, London and Paris. The

ton, London and Paris. The
British end was set up and is
managed by Barry Hedley, who
is believed to have helped in
the reorganisation of International Paints, the Courtaulds
subsidiary, in the 1970s.

Brooten is not seen in the subsidiary, in the 1970s.

Braxton is not seen in the strategy consulting sector as one of the best-known firms.

"If you were looking for a high profile firm of consultants, you would not go to Braxton," said a competitor. The Toyota commission will understable.

mission will undoubtedly

change that; despite the wall of silence around the firm.

Dali's legacy Salvador Dali may have played one last joke on his native Catalonia and his final home, Figueras. The Spanish Ministry of Culture confirmed yesterday that the painter, who died last week, has left his entire estate to the central Government.

The Ministry has been handed a copy of Dall's will, made on September 20 1982, which names the Spanish State "sole heir" of his estate, his paintings and the rights to them The estate is almost impossi-

the estate is almost impossible to value. The paintings still in Dail's possession when he died have never been properly catalogued. The Dail museum in Figueras holds hundreds of unshown works in its basehave the entire estate worth \$200m. The will says any future codicils are to be ignored, and thus is a disappointment to a large number of people, including Dail's secretary, Robert Descharnes, who claimed the right to administer the estate until the year 2004.

Neutral court

■ The Princess Royal was an exceptionally popular attrac-tion at a luncheon yesterday of the Diplomatic and Commonwealth Writers' Associa-tion, where more traditional guests are British ministers, foreign leaders and ambassadors. She expressed surprise that she could be of equal interest to journalists as "decision-making ministers." She described herself as a "professional neutralist "

High speed ■ Sign hy a Florida church: "Community Prayer Hour: 6

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British Steel (Industry)

Canterbury House, 2-6 Sydenham Road, Croydon CR9 21.1.

incomplete consensus, that the Budget required from Nigel Lawson on March 14 is a newtral, "steady as she goes," affair. But there is a general lack of understanding that such a Budget would have to include up to £5hm of so-called tax cuts. Without these it will not be a neutral, but a restric-

RUARY 2 1%

tional

The same of the sa

Yet this misunderstanding is a fact of life. Unless the Chan-cellor wishes to make a martyr of himself to British masochism, any tax revisions will beless than the true Budget arithmetic permits. The Chancellor has partly himself to blame for ... being so boxed in - because it is quite impossible for him to supply the missing education in a Budget speech, the text of which few people will have seen and on a day when most taxpayers are struggling to comprehend the specific measures. By observing the absurd habit of pre-Budget purdah, Mr Lawson has denied himself the sustained campaign of explanation required to present a non-masochistic Budget. These points are well illus-

trated by the Green Budget published by the Institute for Fiscal Studies*. Of course the-IFS projections are fallible, but they are the best we are likely to have this side of the Budget. The IFS estimate is that in the fiscal year now ending there will be a public sector debt repayment - known to ordinary mortals as the budget surplus - of over £12bn. (This surplus remains substantial even if £5bn proceeds of privatisation are removed.) If no tax changes are made — other than the indexation of thresh-olds and the specific duties — the surplus will be over \$17im

The Treasury may be expected to err deliberately on the conservative side in its projections so as to minimise tax remissions without making it look as if the Chancellor has: returned to fiscal fine-tuning. But on almost any assumption he has a margin of revenue

with which to play. The IFS guess is that the But just as it has been sensi-Chancellor will definitely ble to allow the surplus to rise embark on tax remissions. worth some £1%bn, probably taking the form of an increase in tax allowances over and above indexation. If in addition he is convinced that the slowdown in the consumer boom is genuine, and not easily reversed, he will at the last moment add a 1p cut in the basic rate of tax, taking the package of remissions to around £3bn. That is my best guess too. But he could be cru- income.

ECONOMIC VIEWPOINT

Need to say 'No' to Budget masochists

By Samuel Brittan

So much for the executive summary. Now for the underly-

The fiscal bonus occurs both on the revenue and expendi-ture side. The IFS expects revemue to rise by £18 thm hetween the present and the coming financial year. General expen-diture is expected to rise by only £12.7bm. After allowing for lower repayments by public corporations there is likely to he a net improvement in the public sector finances of

The really large revenue bonuses do not come from income tax (once allowance is made for indexation against inflation) but from corporation tax. Proceeds from the latter are expected to rise by over 25 per cent in 1986-90. This is £8bn more than would be expected if receipts had risen only in line with the national income. The Exchequer gain on the expen-diture side comes entirely from debt interest. The savings here will more than offset the rise in expenditure on specific programmes covered by the "Planning Total", which is indeed projected to rise alightly faster than the national income.

The fiscal bonus might not be so large in some future years. Corporation tax is levied a year in arrears, and the IFS expects profits growth to alow down from 30 per cent in the present financial year to 6 percent in the year to come. Other sources of revenue might suffer to a lesser extent in the recession, even if only a recession in the rate of growth.

in a boom, it would be just as sensible to let it run off in a slew-down. Taking one year with another, however, the prospect is now for a series of budget surpluses over the whole economic cycle, even after tax remissions. I insist on the word "remissions", rather than "cuts", because, if the remissions are not made, the effective tax burden will rise at a proportion of the national

Meanwhile, the IFS makes an excellent case for not

التراب المرابعة والمعارض وأأحار ورزاح والرطر عاش تقوائه ومعرب ووودوو والمراف المرابي



surplus in 1989-90, while main-taining high interest rates. One reason is that "mone tary policy is much tighter and demand may already be slow-ing down more rapidly than the conventional forecasting models suggest. Another is that the price for forgoing tax cuts — lower interest rates —

adding too much to the budget

does not seem so attractive this year when the main con-cern is to keep the exchange rate up, not stop it rising." However strong sterling is at the moment, downward pressures could arise at any time in the coming months. Cries of "overkill" will be used to pres-

On the Budget itself, the IMF remarks that the modest tax remissions it expects would "still leave room for an increase in the rate of debt repayment," while doing something to preserve international confidence in the continuing British supply-side improve-ment. "It would signal that tax **TOTAL SAVINGS**

surise the Government into

premature or excessive cuts in base rates. Moreover, if domes-

tic spending slows down before

the current account shows

much improvement, we shall hear a lot of impatient calls

from the devaluationist lobbies and the protagonists of a

so-called competitive pound.

| | Mational saving | Personal eactor | ind/com compenies | Institutions | Public | |
|-------|--------------------|-----------------|----------------------|-------------------|--------|--|
| 1980 | 23.7 | 11.1 | 8.9 | 2.4 | 1,5 | |
| 1961 | 23.1 | 10.3 | 8.5 | 23 | 1.9 | |
| 1982 | 22.6 | 9.5 | 8.4 | 23 23 | 2,3 | |
| 1983 | 22.7 | 8.2 | 10.0 | 2.5 | 2.1 | |
| 1984 | 22.7 | 8.3 | 11.3 | 2.2 | 0.8 | |
| 1985 | 22.3 | 7.4 | 10.9 | 2.5 2.2 2.9 | 1.2 | |
| 1986 | 21.4 | 5.8 | 10.5 | 3.8 | 1.2 | |
| 1967 | 22.4 | 4.2 | 12.9 | 3.9 | 1.4 | |
| 1988" | 23.1 | 3.2 | 12.1 | **4.8 | 3.3 | |

policy is still mainly about incentives, while the main counter inflationary policy is monetary policy - high interest rates, and a strong exchange rate."

ow about the argument for a "Savings Budget"? The Prime Minister called an unan-nounced conference at Chequers last autumn of some of her favourite figures from the financial world, without the Chancellor present, to express her dissatisfaction with the dramatic drop in savings dur-ing her time in office. ing her time in office.

Nevertheless, that drop is a myth. As the table shows, total national savings were on the last count over 23 per cent of GDP — hardly changed from 1980. The big drop has been in personal sector savings which are now only a small proportion of total saving. The fall in the personal sector has been offset by increases in the savings of companies and financial institutions and the public sector itself.

The case for an increase in savings is the more subtle one of accommodating the large recent increase in the de invest without inflationary pressure and without excessive reliance on overseas inflows.

Most campaigners for savings incentives have in mind tax privileges for some favoured institutions. Such incentives are likely to be money down the drain, as their main effect will be to shift existing savings from one medium to another. In any case, we need new distortions in the savings and investment market as much as we do a hole in the head. The political pressure to improve personal equity plans may be irresist-ible. But the less that is done the better.

The normal way in which the economic system, when relieved of the attentions of fusspots of left or right, copes with the problem of a deficiency of savings relative to investments (Keynes's problem in reverse) is by higher interest

in principle, higher interest rates both encourage savings and stimulate some trimming of less urgent investment. But at the present time, to quote the IFS again, "the shape of the yield curve - with short rates some 3 to 4 per cent higher than very long bond yields - may discriminate in an advantageous way between consumption and investment. On the whole, consumers are more exposed to short-term interest rates than companies, which at least have the option of borrowing in the long bond market, or raising equity finance, rather than relying solely on bank finance."

hereas the parts of the Green Book deal-ing with macro- economic policy are written with gusto, the sections on the specific tax measures seem dispirited, pessimistic and low-key. Indeed, the IFS's tax specialists seem to have given up hope under the present Government and Chancelles.

and Chancellor. Nevertheless, they do estab-lish very clearly that the case for raising tax allowances is distributional. The effects on the poverty trap are virtually non-existent. On the other hand, the benefits from a rise in income tax allowances accrue across the board, while those from cuts in the basic rate are concentrated at the higher end of the income distribution.

The reform which would most alleviate the unemploy-ment trap and labour market distortions generally is in National Insurance contributions. The IFS has already published proposals for converting National Insurance thresholds into allowances on the income tax model, which could be accomplished without any losers" at a revenue cost of well

Another very different change, on whose prospects the anthors are pessimistic, is the replacement of the so-called inheritance tax by capital gains on death, prefera-bly including domestic resi-

The IFS's tax specialists are too worried about being on the losing side. Reformers have least influence on policy when governments are in any case inclined to do what they say. It is more fun, as well as more useful, to be part of the wilderness rather than cry with the herd.

*Copies available from the IFS, 180-182 Tottenham Court Road, London, WIP 9LE. Price: £3 for members, £6 for non-mem-

BOOK REVIEW

The lost age of invention

years ago, top management at Britain's General Electric Company sum-moned their research director and told him to put his laboratories at the disposal of the Government. Commercial considerations and industrial rivalry were to be set aside. This is no fairy story. It is an account of what happened in 1939, as told hy Sir Rohert Clayton, GEC's technical direc-

tor until 1963, and Joan Algar, still with the laboratories, in a

history of 65 years of research

by the company.

No one who has dealt with
GEC since the 1960s will recognise what happened next, with the research director starting joint projects on the basis of a chat in the Athenaeum, and agreements drafted on "little if anything more than backs of envelopes." The man involved was Clifford Paterson, hired from the National Physical Laboratory to build laboratories at Wembley which opened in 1923. Initially, they researched electric lamps, but within a year Paterson was explaining to embarrassed

GEC directors why the esti-mated cost had doubled. He had thought of a few more topics to research, such as batteries and valves.

Paterson created a single grade of scientific seniority to

which all might aspire. They were elected to this level by those who had already reached it. Those elected did not necessarily gain administrative responsibilities but election was open only to technical folk. As intended, it kept the main structure of the research organisation in the hands of the scientists.

Knighted in 1946, Paterson ran the laboratories for 25 years. Clayton picks four highlights of inspired research - all from the Paterson years, and all areas where laboratory into commercial products.

The first example is the pre-war work on discharge lamps and the discovery in 1941 of the halophosphate fluorescent powders - "one of the labora-tories' greatest triumphs." They gave us what we know today as the cool white, warm white and daylight fluorescent tubes. These were the inventions, in fact, that made fluorescent light practical.

THE GEC RESEARCH LABORATORIES 1919-1984 By Robert Clayton and Joan Algar

Institution of Electrical Engineers: Peter Peregrinus Ltd. £40 The second is pre-war work on illumination and especially street-lighting, where GEC took the broad view that it was looking not just for a good

illuminated 2,000 miles of streets for local authorities.
Clayton's third choice is the invention of GEC Heavy Alloy, undertaken originally as a philanthropic gesture to doctors who wanted a new way of shielding the gamma rays from

lamp but for good "seeing con-ditions." Between 1932-39 GEC

their radium.
Fourth is the post-war R&D leading to the London-to-Birmingham television radio relay link, which allowed the BBC to ton Coldfield in 1949.

Underpinning all these was a hedrock of good science on chemistry and materials. It was - and still is - science of a calibre that neturally attracts the nation's great technological challenges: the magnetron and radar during the war, nuclear energy in the 1940s and 1950s, satellites in

the 1970s. The hook only reports the progress of laboratories whose record by any international standards must rank high. It does not analyse. But it brings out the confidence with which GEC directors originally launched themselves into sci-ence, the licence they gave one man to make it work, and the commercial investment they were prepared to commit to their inventiveness.

Since Sir Clifford died in 1948, the approach bas changed GEC promoted his deputy but also set up a scientific advisory panel known as the "seven pillars of wisdom". Recent perturbations in GEC management suggest that the trend 40 years later is to tighten, not loosen, control of the boffins. It may take the stimulus of partnerships with major research-based groups in Europe and the US to catalyse a new era in GEC product innovation.

David Fishlock

LETTERS

Chunnel cri de coeur

From Mr Angus Dunn.
Sir, However much one's heart bleeds for the beleaguered state of British Rail's international director, you really cannot let Mr Welsby get away with the flawed arguments ascribed to him in Kevin Brown's article (January 31), and at the same time patronise those who have worked out the arithmetic correctly by calling their conclusion "a deliberate misunderstanding."--

Does BR give the job of recommending which part of the garden of England to destroy garden of England to destroy to their international director—on the argument he is the least likely of the bunch to be recognised by his own compa-triots and lynched? (How uncharacteristically wise.) Few people in Kent, and any-one who has the privilege of riding each day to and from work on BR's Network South-East, would deny that new

East, would deny that new capacity and probably, a new line is needed. What is causing the distress and anguish is that BR insists that the trains run. on this line at 60 mph faster than any other trains running in the UK — yet resolutely refuses to pay for the damage this decision will cause.

If the comparison were between a new InterCity line and a new TGV (train à grand oitesse) line, maximum con-ceivable time saving (on the assumption that the trains reached their top speed the moment they left the buffers and maintained that speed until stopped by the buffers at the other end) would be 19 minutes and 31 seconds.

Since one assumes the trains are likely to take time accelerating and decelerating, that they will spare Dulwich and other built-up areas, and that a few curves are inevitable, the time saving reverts much

closer to the nine minutes derided by Mr Welsby than to the 40 minutes that he (and, no doubt, Saatchi & Saatchi in due course) will try to make the rest of England believe.

To achieve this saving there will be a cost. The additional noise, and fear of additional noise, will reduce property val-ues along the chosen route for a decade. Affected properties may be anything up to a mile from the line itself – depend-ing on topology and on whether the line is in a deep cutting or 60 feet up on a via-

This loss of property values is as real a cost of the project as the cost of the concrete, steel and copper that will go into the project itself — with one difference: BR has no intention of paying for it. (A realistic guess would put the totality of this loss somewhere between half and twice the cost of the project itself.) For an individual to damage the property of another is a crime; usually called theft. Theft on this scale would represent

probably the grandest larceny in peacetime history. It will be interesting to see whether contractors and finan-ciers have the guts to put forward proposals to finance the link privately. The risks for them will be several orders of magnitude higger than any such proposal has ever faced before

before. The capital costs, as Mr Welsby so charmingly acknowledges, are a figure drawn out of the sir. The cost of compensation is quite unquantifiable, because unless the Government successfully withdraws the common law rights of affected individuals, the lawsuits will fly from here

to our graves.
Finally, the risk will remain

... as a book where men may read strange matters'

some extent, in his criticism of hook distribution in the UK, but fails (indeed, he does not even try) to prove a link between that and resale price

maintenance.

Nor could he (if he tried), because two of the most efficient book distributing nations

Netherlands, both of which From Mr Louis Baum.

Sir, Paul White (Letters, January 30) is justified, at least to
nance agreements for books. The efficiency of book distribution in those countries is a con-sequence of centralisation and of highly developed wholesal-

ing.

Mr White also tilts, quixotically at an Opec-like cartel of book publishers supposedly operating in the UK. Whitaker's currently lists until the trains have been running for many years. Neigh-bourhood Watch teams will have their noise meters out and their handbooks of UK and EC-noise emission regulations open and updated up and down

Wouldn't it be silly if a high speed line were built, only to be forced to run below its design capability just because, say, the EC introduced regulations on environmental mat-ters, and the European Court decided to uphold these?

In spite of BR's attempt — so far, successful — to commit their grand larceny by "divide and rule," I do not think that Kent will remain divided once the route is chosen. The support that has been pledged threefold will then come together to seek every remedy through the courts for those whose savings have been deci-mated. I guess that the result will be

an awesome demonstration of what reticent, thinking people can achieve when really roused. The upshot may well be a better solution than the one conceived in an amateur way and in haste by people who are paid to know better.

And a further upshot will be that the Conservative cause in Kent will have been dealt a mortal blow. I will never again vote for a party which preaches, among other things, environmental protection, home ownership and the sanc-tity of self reliance, yet which allows one of its own entities to cause personal damage on the scale we have seen in recent months. Tens of thou-

sands of people will feel the

Angus Dunn,

14,358 book publishers imprints active in the UK. Most of those publishers are individualistic to a degree verging on self-destructive hostility where co-operative action is concerned. A collection of business record less like a carbusiness people less like a car-tel would be difficult to imag-

Louis Baum Editor, The Bookseller, 12 Dyott Street, WC1

Presidential parallels From Mr A.W. Houston.

Sir, In your leading article (January 21) on the US inauguration, did you correctly place the similarities of President Reagan's administration with General Eisenhower's? The 40th President did not see the parallels; Mr Reagan's 20thcentury hero was Calvin Coolidge (who succeeded Warren Harding as President in 1923, and was re-elected in 1924).

Consider the 1920s/1980s par-allels. Both decades started with a financial crisis and a sion; both suffered a stock market crash towards the end. Mr Reagan bequeaths to Presint Bush a Democratic majority of both Houses of Congress; Coolidge bequeathed to his successor, Herbert Hoover, a Democratic Senate.

The Democrats, now as then, are protectionist, and persuaded President Reagan to sign the recent trade bill giving the US President great power to act against perceived unfair trading. In June 1930 the Democrats pressured Hoover to sign the notorious Smoot Haw-ley trade act which raised US tariffs to about 50 per cent. The 1980s have seen the longest period of growth for 100 years; the 1920s the second longest— each period being extended by an unsustainable rise in credit. A.W. Houston, 27 Finsbury Square, EC2

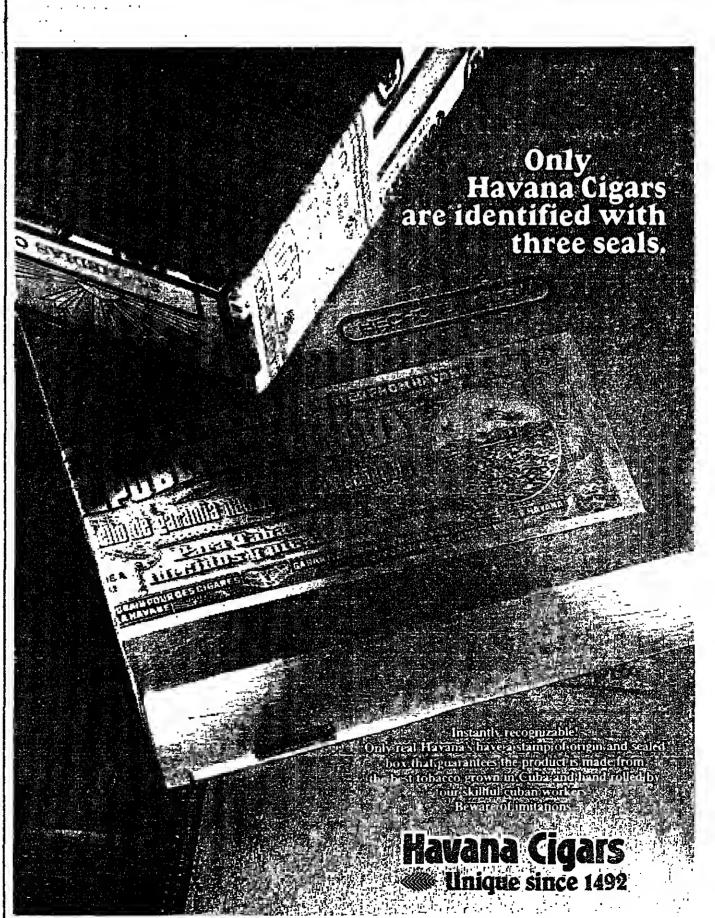
Cogito . . . From Mr Michael Amos and

Mr Nigel Warburton. Sir, Christian Tyler (January 21) neglected the most impor-tant function of philosophers in universities: teaching undergraduates to think.

The skills acquired in studying philosophy for three years are certainly transferable to other areas, including busi-ness. A recent survey showed that philosophy graduates score higher on managerial aptitude tests than those from any other discipline except mathematics.

For a Government measuring everything in terms of cost-effectiveness, is it not both bad economic policy and bad thinking to wield the axe against philosophy depart-

Michael Amos Corpus Christi College, Nigel Warburton, Darwin College, Cambridge





FINANCIAL TIMES

Thursday February 2 1989



Shevardnadze in Peking to finalise summit plans

By Robin Pauley, Asia Editor, in London and Peter Eilingsen in Peking MR EDUARD Shevardnadze, have finalised arrangements the Soviet Foreign Minister, for the summit, including its arrived in Peking yesterday to put final touches to arrange-ments for the first Sino-Soviet summit for 30 years, and s realignment between the

and a realignment between the Communist superpowers.

The visit comes after a year of feverish diplomatic activity at increasingly senior diplomatic levels between the two countries. By the time he leaves at the weekend, Mr. Sheverdandra is expected to

date, which is most likely to be between mid-March and mid-May. The summit will take place in China, if only because Deng Xiaoping, the Chinese leader, who is 84, is increasingly frail and not making any foreign journeys. Mr Shevardnadze is to hold

two rounds of talks with his Chinese counterpart, Qian Qichen, and to meet Li Peng, the Premier. He will also travel

to Shanghai for a meeting with Deng. He will not meet Zhao Ziyang, the party leader, as this would acknowledge a formal restoration of relations which should await the sum-

The Soviet side has fulfilled a good deal of China's condi-tions for a summit. The Soviet withdrawal from Afghanistan is almost complete and Mr Shevardnadze will go on to Islamabad from Peking on Sat-urday to try again to secure a political compromise for the future of Afghanistan. Soviet troop concentrations on the Chinese border, the longest in the world, have been reduced and tension is at a low level there. Indeed, there is even some Sino-Soviet border co-op-

Mr Deng is likely to try and persuade both Mr Shevard-nadze and Mr Gorbachev of the need for further substantial reductions. It is possible that

this week as a further gesture of Soviet goodwill.

Progress has also been made on Kampuchea, where an end to the Soviet-backed occupa-tion by Vietnam is in sight. On this the Soviet side will be urging the Chinese to abandon Pol Pot's Khmer Rouge faction; the Chinese have already gone some way in this direction, promising to phase out military supplies to the guerrillas as the Vietnamese withdrawal

Farewell to the doctrine of people's war

China's armed forces are undergoing a radical modernisation, writes Lynne Curry

HAIRMAN Mao Tse-tung once wrote: "Political power grows out of the barrel of a gun," and for most of his life the People's Liberation Army, with its doc-trine of people's war, was the centrepiece of Mao's tactical ideology.
As China has moved away

from Maoism in recent years, however, the PLA has changed dramatically, abandoning the strategies and tactics of Mao's era and attempting to adapt its fighting techniques to an age when sophisticated technology, oot peasant guerrillas, have become the key to modern war-

In the process, the 4m-strong force, which includes the army, navy and air force, has been streamlined and extensively reorganised. Old leaders have been retired, new ones promoted, ranks have been reinstitoted and other features of Western armies bave been

"Over the last eight years, the PLA has undergone a total transformation from men in their 80s sbuffling about in carpet slippers to men in their fif-ties at the top," according to one Western observer, "There has been a remarkable modern-isation of PLA manpower."

However, the process of transformation has proved to be a difficult one for the PLA. The force is struggling to find its proper political and eco-nomic role, and faces serious constraints on its efforts to modernise. "The PLA used to be revered as an outfit which gained the Chinese liberation in 1949," notes one defence analyst. "Since then, the image of the DIA has followed as lot." of the PLA has fallen a lot."

Today, the PLA is moving in direction that would have appalled Chairman Mao. Its egalitarian spirit and involve-ment in politics is a thing of the past. It is enforcing retirement age limits to make way for the younger generation, the analyst said.

Foreign observers claim the PLA is "going back to the bar-racks" - sticking to military



China's People's Liberation Army: abandoning Mao and attempting to adapt its fighting techniques to the needs of modern warfare

matters and meddling less in politics and economics.
Improved co-ordination is central to this effort. In the past the army, navy and air force were allowed to fight their own wars; now a reorganised and mutually supportive general unit is evolving, according to defence analysts.

Over the last eight months, the PLA has also developed several elite rapid reaction forces, known as "Fist Battal-ions." Highly trained and believed to comprise up to 700 men, they are similar to the West's anti-terrorist groups, equipped to leave at short notice to deal with localised

"Elite battalions are a totally different concept to the Chithe past, all units were meant to be equal to others. On paper, no one got special treatment. But they do now." In 1982, a marine corps was established for the first time. Like certain airborna forces and the army, it is believed to be receiving extra money, rations and the best equipment.

The navy has also been subect to a defence review. Peking, reportedly concerned about the long-term development of Japanese and Soviet naval power, is seeking to reduce its potential vulnerability along the Chinese coast. The possibility of conflict with Vietnam in the Paracel and Spratly islands, in the South China Sea, has also strength-ened Peking's determination to beef up its naval power.

The military shake-np has seen old Soviat-designed air-craft scrapped or updated with Western electronics, a new emphasis on developing shoul-der-fired surface to air missiles, and the introduction of anti-tank missiles and combat engineering equipment. Helionters are now being inch ingly used for mobility.

One of the most important changes to the PLA has been the retirement of approxi-mately 1m soldiers in the mid-1980s. This has reduced the PLA to about 3m men on active duty. Among those pen-sioned off, usually as consultants or advisers, were many older generals seen as obstacles to creating a modern fighting force.
"When veteran defence min-

ister Ye Jian-Ying stepped down, this marked a turning point," one Western analyst says. "His move not only per-suaded others to step down, but to give up the perks of housing, car and driver."

The final step in the PLA's rejuvenation has been the rein-

troduction last year of ranks, which were eliminated in 1965 at the start of the cultural revointion. The move has been seen as a symbolic gesture to mark the watershed between tha rule of veteran generals and a new order.

Defence analysts claim the

finance its own modernisation, and is trying to raise money by selling weapons abroad and making products for the home market. It is now involved in non-military commercial operations, ranging from bottle manufacture to managing coal

Arms exports, prompted by

the PLA's need to earn foreign exchange to upgrade its own equipment, have included con-troversial deals such as the sale of silkworm missiles to

Extra money is also needed if the PLA is to improve the calibre of its recruits. The low wages earned by the average PLA soldier have made the army an unattractive profession in today's more marketoriented society.

The PLA has also been harmed by the uneven quality of its officers. Although efforts have been made to provide more comprehensive training programmes for senior officers, the low educational level of the average soldier severely limits the ability to use high-tech weapons.

*One of the biggest problems is education," one Western dip-lomat comments. "It's very nice to get fancy technology in your arsenal, but unless yon know how to operate and maintain it, it's a one-day won-

Withdrawal

offer by

An uneasy calm on the foreign exchanges

Yesterday's weakness in both the US dollar and sterling came as little surprise, given their strong showing over the last few weeks. However, in a business as fickle as the for-eign exchange market, where daily turnover can exceed the underlying volume of world trade by a factor of 40, senti-ment can change overnight. There are several reasons, ranging from this week's G7 gathering in Washington to next week's meeting of the FOMC, to suggest that caution is to order

The world's equity markets may still be in high spirits; but the considerable underlying tensions in the foreign exchange markets could soon exchange markets could soon surface, even though the G7 may try to cover them up by not issuing a communique. The bullish case for the dollar is partly technical, but is also underpinned by a belief that the US is committed to high interest rates for anti-inflation reasons. Given the very high US canacity utilisation rates. US capacity utilisation rates, no purpose would be served by permitting the dollar to fall. However, the US Administration's plans for cutting the budget deficit are based on economic according to the purpose of the control of the nomic growth rates which con-flict with the Fed's anti-inflationary stance, and the West Germans are meanwhile get-

ting increasingly upset about their own inflationary pressures resulting from the weakness of the DM.

It seems hard to believe that the world's biggest debtor countries can boast the stronger countries for a prolonged gest currencies for a prolonged period. West German interest rates have already risen far more quickly than US rates over the last few months; and if the Japanese yen were to come under the same sort of pressure as the DM, the resultant rise in its own interest rate structure could have devastating consequences for the world's biggest stock market. As for sterling, which hit a 2% be big enough to benefit from year high of DM3.2875 on Tuesday, there seems to be a conflict of views between those who think interest rates will soon head lower, and those who believe 13 per cent base rates are here till the end of the consumer, and the year.

W H Smith

For some time the advantage of the traditional retailers over the aggressive newcomers has been apparent, but yesterday's 34 per cent increase in interim earnings at W H Smith shows just how great that advantage is. For the first time in recent memory retail analysts' forecasts were too low; a 50 per W H Smith Share price relative to the

cent profits increase in retailing profits, and the rare sign of some real underlying volume growth, were deserving of the 8p rise in the shares to 290p.

Unlike other retailers which now find themselves at the mercy of rising costs, W H Smith appears to have its own well controlled, mainly by dint of more cautions expansion. of more cautious expansion. Much of the margin improvement has been at the expense of anopilers to Our Price, which is now hig enough to drive the hardest bargain, but margins also appear to be ris-ing at W H Smith itself; through better use of space and the happy effect of Epos on stock control.

It is unfortunate for the com-

pany that it is finally establishing its credentials in the City at a time when nerves in the sector are so frayed. The market no longer regards W H Smith as particularly accident prone, and it accepts that the company's recovery has now given way to a little growth. But it is still inclined to fear the worst: a garbled story last month that the Net Book Agreement was dead sent its shares down by nearly 20 per cent. While the ridiculous

Pensions

In its report on takeovers and pension rights, the Occu-pational Pensions Board gives every appearance of juggling with a hot potato. In seeking to deter the corporate predator. from milking victims of their pension entitlements, the OPB relies chiefly on exhortation and the erection of minor

islation. Some modest propos-als are put to maintain the value of payments to pensioners, but at the expense of starting from a lower base; and as for fund members still in employment, the OPB frankly concedes that nothing can be done to stop a new owner can-celling increases out of hand. The Board's central problem

is the paternalistic and discre tionary nature of the present system. As the report points out, an employer is called upon to guarantee pension rights, but not pension expectations. When a predator pays a premium for control of a company, he partly recouns it by tearing up implicit contracts of this kind; he is no more hound to provide discretionary increases in pensions than he tionary nature of the present

to provide discretionary increases in pensions than he is to maintain employment in the first place.

It is all very well to say, as the Board does, that it will one day seem extraordinary that generations of pensioners should have been exposed to such a cauricious system. In such a capricious system. In the early 1980s, employers were prepared to make good the inflationary ravages of the pre-vious decade precisely because they would not be obliged to repeat such generosity should times get hard again. Pension fund members will remain at the mercy of predefors for as long as their existing employ-ers regard pensions not as an entitlement, but as a reward.

Electrolux

There are plenty of people who question Electrolux's global ambitions in the domestic appliance industry, but its recent performance does not support their case. A 21 per cent rise in 1988 profits com-pares well with the performance of its US competitors, such as Whithpool, whose earn-ings fell by 14 per cent despite winning market share. The slowdown in Electrolux's sales growth reflects the period of consolidation that is now under way, and the benefits of the new manufacturing plants should continue to help the improvement in margins and the return on equity, which is now back to acceptable levels. However, with US domestic appliance sales expected to fall by between 4 per cent and 6 per cent this year, and with talk of a slowdown in the rest of its major markets, the com-pany will be pressed to main-tain double digit profit growth this year. A prospective multi-ple of 8.3 probably discounts this.

US deficit cuts may hit social 'promises'

By Peter Riddell, US Editor, in Washington

THE BUSH Administration has started to soften up Congress for cuts in social programmes and the scaling back of cam-paign promises in the Presi-dent's revised budget in a week's time.

The process of "selective disclosures" has come as the hipartisan National Economic Commission on reducing the budget deficit bas finally acknowledged that it has become sidelined into a fringe

Both developments reflect manoeuvring between the Administration and Congress. Both are trying to shift respon-sibility for taking difficult spending and tax decisions - though both sides are keen to appear willing to agree a deficit-reduction package for

the coming year.
Mr John Sununu, the White House Chief of Staff, said: "We're going to prepare people for some of the tough things we have to propose to reduce the deficit and there will be selective disclosures - what you call leaks in this town." As part of this process, Mr Richard Darman, the Budget Director, and other Administration officials, have been sig-nalling that the February 9 budget will endorse the outgoing Reagan proposals for reducing the growth of the Medicare programme of health

for the elderly. Campaign pledges made last year by Mr Bush for a large expansion of Medicaid help for lower-income families and increased financial assistance for the educa-tion of poor children and students, will have a low priority and be pruned back. Discus-sions are also under way on trimming back the Reagan pro-

posals on defence.

The Bush budget will include new tax incentives for oil and gas exploration, which may be coupled with proposals to remove the remaining price controls on natural gas. Pro-posals have not, however, been agreed on whether the planned

be limited just to the sale of stocks and shares or should be extended to include other assets such as private home:

and art objects.

The National Economic Commission, set up by Congress last year to produce a deficit-reduction programma, is-divided along party lines and is-unlikely to reach agreement before its reporting deadline on March 1 since a six months extension is now not expected.

The majority of the 14-member panel, including all seven Republicans and one Democrat, are expected to endorse the President's "flexible freeze" plans for holding down spend-ing and not raising taxes.

Shamir By Andrew Whitley in Jerusalem MR YFTZHAK SHAMIR, the Israeli Prime Minister, yester-day offered to pull Israeli troops out of Arab towns in the occupied territories if their Pal-estinian inhabitants accept

for local autonomy. He suggested that Israeli troops would be withdrawn to certain "concentrated points" in the territories once an autonomy regime for the Pales-

Israel's long-standing proposal

tinians is in place.

The offer, which Mr Shamir billed as a two-stage peace plan, contained nothing new, but appeared to be part of his effort to adjust his hard-line interest and to recognize the stage of the part of the peace of the pea image and to recapture the political initiative from the Palestine Liberation Organisa-tion ahead of a planned visit to Washington. It indicates that he feels under pressure as a result of the PLO's recent dip-

result of the PLO's recent dip-lomatic successes.

In Tunis, the PLO immedi-ately rejected Mr Shamir's plan. A spokesman said: "I advise Mr Shamir to stop dig-ging into his old stock and bringing out these goods which are out of date. No Palestinians or Arabs will speak to him on or Arabs will speak to him on this basis."

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Copies of the annual report will be available from Dr. J. B. Morrison, Chief Financial Officer, Tel. 0534 38578.

Steel industry seeks meeting with Bush ability, hnt would again Mr Simmons said the UK

By Nancy Dunne in Washington

THE US special steel industry and the United Steelworkers of America yesterday sought an early meeting with President George Busb to urge a five year renewal of the US import restraint programme.

Mr Bush has promised to

renew the "voluntary" quota programme, but Mr Richard Simmons, chairman of the Specialty Steel Industry groop, said "signals of opposition" have made the industry anx-

US steel importers are forming a pressure group to seek from Congress Voluntary Restraint Agreements (VRA) for only three years. They want more flexibility in quotas. The current restraint agree-ments, designed to limit imports to 20 per cent of the US market, expire in Septem-

Mr Simmons said the US industry had returned to profit-

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become a dumping ground for subsidised foreign steel at the first sign of an economic slow-down, if restraints were aban-doned. "Our privately owned steel producers and their domestic

markets are prime targets for less efficient governmentsubsidised foreign producers. They will do whatever necessary to move into the high value end of the steel market." should still be covered by the restraints, despite privatisation of British Steel. He suggested British Steel still retained an unfair advantage due to the FAShn of subsidies it received between 1980 and 1985. between 1980 and 1985.

The industry would like to extend the VRAs to all producing countries not currently included, particularly Finland, Sweden, Taiwan and Canada, to prevent trans-shipment

Tax threat to cross-border investors Continued from Page 1

authorities to ensure that, at least, countries such as West Germany and Luxembourg do not go heyond the letter of their own national hank secrecy laws in blocking tax information requests from

other EC states. The Fehruary 13 meeting is expected to display an array of differing ministerial reactions, with the UK and Luxembourg objecting to the principle of any new tax harmonisation, France, Belgium and Spain complaining about the Euro-se-curities exemption, and Germany calling for a rate in line with its new 10 per cent with-holding tax. The Scrivener plan stems chiefly from French insistence

that, in return for agreeing to a general lifting of exchange controls in the Community in mid-1990, a minimum savings tax should be imposed to dis-courage the flow of French capital into neighbouring countries such as Luxembourg which has no taxes on non residents. The UK and some other EC states saythere is no link legal or logical ~ between

the tax plan and France's com-mitment to join in freeling all capital movements.

The UK Government points out that in 1979, as part of removing all capital controls, it allowed Britons to open bank accounts wherever they wanted and no detectable rise in tax evasion followed. Countries such as France, where that freedom does not yet exist, fear that after 1990 many of their citizens will shift funds abroad to avoid the attention of their national tax men.

WORLD WEATHER

ACCOUNTANCY COLUMN

The auditors failed to tell

the authorities about viola-

tions of regulations. Touche, for example, is accused of fail-

ing to notify breaches of loan

limiting regulations.

• The auditors did not check

the scale of potential losses

against reserves.

Some auditors were alleged

to have covered their tracks.

Coopers is accused of "acts designed to conceal its reckless

At the time of the losses, it was common practice to book oan fees as income in the year

the loans were arranged, help-ing to boost current income. As

a result, lending institutions

Accounting Standard, SFAS 91, issued in December 1987 by the

and fraudulent conduct."

ment in profits.

US firms face legal action over S&L audits

US ACCOUNTANCY firms were suddenly thrust into the limelight of the massive fall. ures of savings and loans asso-ciations (S&Ls) last week when it was revealed that there were It was revealed that there were lawsuits pending against 11 firms for alleged irregularities in their audits of S&Ls.

Three Big Eight firms, Coopers and Lybrand, Deloitte.
Haskins & Sells and Touche

Ross, as well as Grant Thornton, are being sued by the Federal Home Loans Bank Board (FHLBB), the agency that over-sees S&Ls across the country. The FHLBB is also investiga-ting another 15 to 20 audit firms, including others in the

The board is expected to present an estimate for the total losses in the industry to the US Congress today. The fig-ure is expected to be more than \$100bn (£57bn), more than twice previous estimates. The General Accounting Office (GAO), the investigative arm of Congress, is also due to hand to Congress a report on the failure of accounting firms to detect problems at 11 S&Ls in Dallas, Texas. The names of

these auditors are not to be disclosed. The 11 institutions had been given clean bills of health by their auditors just before fail-ing. However, a government official said that they had found "major problems with more than half of the audits."

WE ----- US ACCOUNTANCY FIRMS BRING SUED OVER SAL AUDITS Damages sought "Andersen, Alford and Ritter Cote & Armbrister Coopers & Lybrand May '87 March '88 State, Vermont Mountain Security, Virginia CB Financial, Oklahoma \$10.3m June '87 Deloitte Haskins & Sells: Grant Thornton Sunrise, Florida \$250m Sunbelt Sauings, Texas North America, California June '88 Grant Thornton
Jetferey & Palazolla
Mike Sage
Regier, Carr & Monroe
Regier, Carr & Monroe March '88 Ramona, California Oklahoma, Federal, Oklahoma Territory, Oklahoma Intercapital,FL

undits of 18 other falled S&Ls in less depth and again found difficulties with more than half of them. Some of these were andited by Big Eight firms, which have not been named. Of the 11 FHLBB lawsuits, Touche Ross is facing the largest claim for damages: \$300m. for its audit of Beverly Hills

Savings and Loan, California.

Deloitte Haskins & Sells is being sued for \$250m over its audit of Sunrise Savings and Loan, Florida.
The FHLBB has also not.

ruled out soing Arthur Young over its audit of Vernon Savings and Loan, Texas. The failure of this institution will cost the regulators \$1b.

The suit against Touche.

Ross alleges that the firm advised Beverly Hills Savings and Loan that it would be acceptable to restructure a large series of investments as loans. This involved apartment

across the country.

Ms Anne Sobol, the associate general counsel for the PHLBB, said: "Even if they were properly accounted for as loans, the anditors ought to have realised that the investments were troubled and doubtful, and at that point they should have done a net realisable value analysis to check the potential losses against reserves."

The allegations against the accountants are varied. They

• In several of the suits the accountancy firms are accused of giving bad advice on the accounting treatment of invest-

• The firms are alleged to have signed clean audits at a time when huge losses were mounting. According to the FHLBB, the losses should have been visible to the auditors but were not reported in the

all loan fees to be spread over the life of the loan.

The flak has not all been flying one way: the regulators have themselves come in for

criticism over the failures.
The FHLBB allowed S&Ls to deviate from generally accepted accounting principles, say its critics. This was to allow them to sell their fixed interest portfolios at a loss as interest rates rocketed in the early 1980s, allowing them to invest instead in interest rate sensitive instruments.

Also, it is claimed that the law regulating the change of coutrol of S&Ls was uever properly enforced, allowing unsuitable groups to take control of S&Ls.

The industry's trade group, the US League of Savings & Loans Institutions, says that it has loug been asking the administration to examine the

industry more rigorously.
One official said: "Although they (Congress) deregulated the industry, they guaranteed all deposits up to \$100,000. If they wanted to write a blank check, they should have kept an eye on the industry."

At the FHLBB, meanwhile, made a number of risky loans for the short-term improvefeelings against the accountants run high. Mr Gene Katz, The practice has since been outlawed under a Financial deputy general counsel for the board, said: "Accounting firms have directly caused losses to the institutions."

A congress official would not Financial Accounting Stan-dards Board. SFAS 91 requires go so far, but said: "The question is, who was asleep at the

The American Institute of Certified Public Accountants is not taking it lying down. It claims that it has been warning about the problems in store at its annual conference on the S&L industry for the last 10

Mr Tom Kelley, a AlCPA official, said: "Frankly, we have been waving a red flag. But the answer is not an accounting answer, it is basi-cally legislative."

The American Institute of Certified **Public Accountants** is not taking it lying down

The individual andit firms currently in the line of fire are also not about to accept any responsibility for the whole affair. Most insist, like Mr Joseph Elmlinger, a Deloitte partner: "We continue to believe that our work was performed in accordance with pro-

fessional standards." Provided no one settles with the authorities in the mean-time, it will be left to the courts to decide whether the auditors are right.

GULF AREA

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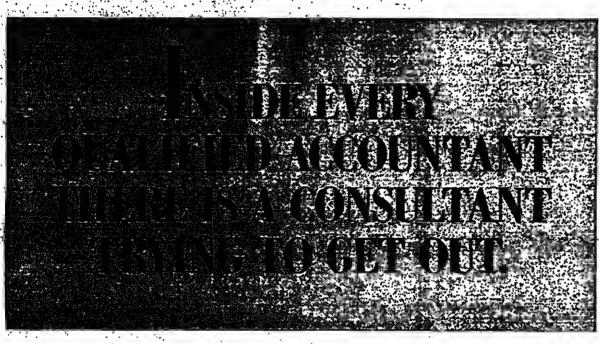
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Executive Selection Division

For a detailed and confidential discussion contact Paul Goodman, Consultant to the Company, at Financial Selection Services 01-387 5400 (24 hours) evenings 01-445 0666 or write to him at Financial Selection Services, Drayton House, Gordon Street, London WCIH PAN. (Fax: 01-388 0657).

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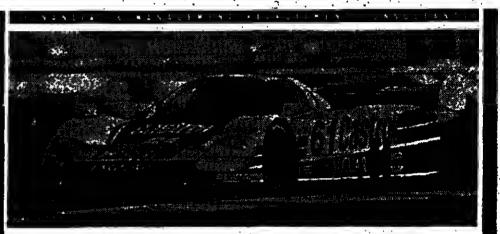
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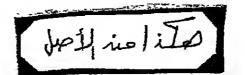
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FINANCIAL TIMES THURSDAY FEBRUARY 2 1989

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We will be discussing applications with our client prior to Interviewing.

so please list in a covering letter any organisations to whom your details should not be shown. If you are interested in the position, please send a full CV with salary details. quoting MCS/7011, to Miles Holford at the address below or, if you prefer, telephone him on 01-378 7200 extension 5193. **Executive Selection Division**

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Invest in a Market Leader

M&G, the leading and most successful unit trust group in the UK, continues to enjoy an enviable period of growth and prosperity, employing around 600 staff and with about £7 billion of funds currently under management. The Group offers a wide range of investment services and the total value of its 27 authorised unit trusts exceeds £3.6 billion with 400,000 direct investors and 75,000 savings plan investors.

This high volume of business, together with the ongoing commitment towards providing the highest standards of service, has created this new challenging position within the unit trust group.

Trust Accountant

Playing a significant role in this, the main profit contributor in the group, you will be responsible for the accounting of the 27 unit trusts, 26 segregated pension funds and 3 investment trusts. Clearly, this will entail regular output of accounts throughout the year within rigid timetables. Supervising a compact team of around 10 staff, you will take the accounts from trial balance to completion and will enjoy good liaison with fund managers and investment accounts staff.

Fully qualified and probably at either an early or late stage in your career, you are experienced in taxation and have the initiative, diligence and perseverance necessary

to ensure a demanding timetable is met.

The Group offers excellent potential for career development, high job satisfaction and a particularly good working atmosphere. The salary and benefits package is especially competitive and includes a company car, profit share, mortgage subsidy etc.

In complete confidence, please ring or write with CV to John Diack, Simpson Crowden Consultants Limited, Specialists in Executive Search & Selection, 97-99 Park Street, London W1Y 3HA. Telephone: 01-629 5909.

Simpson Crowden CONSULTANTS



Director of International Audit

to £35,000+Car+Benefits

A market leader in the field of video entertainment, with qualified accountants. a turnover in excess of £200m our client is young and dynamic with a forward thinking sophisticated approach to the leisure industry.

Due to increasing demands placed on the finance function during this critical phase of global expansion they seek to appoint a Director of International Audit.

Reporting directly to the Vice-President - Finance you will assume total responsibility for the review of controls and operations worldwide. Specifically this will include the design, planning and coordination of audit programmes managing a small team of 2/3

The successful candidate will be a qualified accountant who can demonstrate a record of success in their career to date coupled with an innovative approach to organisational problems. The role will require extensive liaison with the operating management necessitating strong interpersonal skills and a keen business sense.

Please write enclosing full career and salary details, quoting ref. 2913 to Stephen Banks ACMA, at Michael Page Finance, 39-41 Parker Street, London WC2B 5LH or telephone on 01-831 2000 in complete confidence.

Michael Page Finance

International Recruitment Consultants London Bristol Windsor St Albans Leatherhead Birming ner Leeds Newcastle-upon-Tyne Glasgow & Worldwide



The major force in Leisure

Financial Controller

c£30,000+Car

Mecca, a name which is synony ous with excellence in the leisure sector, is seeking to continue its impressive organic and acquisi based growth. With a turnover in excess of £1 billion the Group is placed to consolidate and expand its market share into the 1990s. To meet the future demands of the business. Merca is commonly undergoing internal reorganisation which has given rise to an excellent opportunity. They are seeking an ambitious accountant to take on the controllership of the Catering and Commercial Hotels Division. The strategic importance of the division and its operational autonomy make this a particularly significant appointment. Reporting to the Managing Director the successful candidate will be responsible for managing and deve an efficient financial function. In addition it will be

expected that the candidate will contribute tignificantly to the strategic levelopment of the business through the production of 3 year plans, egular forecasts and the formulation of profit targets. The successful candidate will be a qualified accountant aged 30-45 ent in their career to date. The with a strong track record of achieve nt, necessitating well developed interpersonal skills co

Michael Page Finance, 39-41 Parker Street, London WC2B 5LH, quoting ref. DH/FT1.

Michael Page Finance

door St Albans Leather

FACULTY OF BUSINESS AND MANAGEMENT READER OR PRINCIPAL LECTURER IN CORPORATE FINANCE -(Ref 5/89)

The Polytechnic is seeking to appoint either a Reader or a Principal Lecturer in Corporate Finance. For the Reader post the ability to provide research leadership is critical. For the Principal Lectureship leadership in client based activities is required. The successful applicant to either post will also be expected to contribute to curriculum development work. Applicants should have substantial academic or professional experience as well as being appropriately qualified. Applicants wishing to discuss either or both posts informally should contact either. Mr K Harrison, Head of Department of Accountancy and Financial Studies on (0742) 720911, Ext 2120, or Mr D Goacher, Ext 2139.

SALARY SCALE: PRINCIPAL LECTURER £18549-£20139 BAR £22260

READER:£18549-£20139

APPLICATION FORMS AND FURTHER DETAILS FROM THE PERSONNEL OFPARTMENT, SHEFFIELD CITY POLYTECHNIC, HALFORDS HOUSE, FITZALAN SQUARE, SHEFFIELD, SI 188, TEL 0742 720911 Ext 2065. CLOSING DATE 17th FEBRUARY.

We are an Equal Opportunities Employer

Job Share applicants welcomed.

Sheffield City Polytechine

MANAGER Private Banking/Investment Management Department .

An investment professional with banking experience is sought to head up a new City based Department to provide e broad spectrum of investment and banking services. The Department will benefit from substantial existing resources and e worldwide banking network.

It is unlikely that the successful candidate will have less than 10 years of relevant experience.

Salary and benefits will be commensurate with the position Please reply in confidence by writing to:
Ref. LCC, Arab Bank Investment Company Ltd

Empire House, 8/14 St. Martins Le Grand, London EC1P 1DB

Accountants

Two Outstanding Opportunities in Warwickshire

£25,000 + car + benefits

We are recruiting on behalf of Lunn Poly Limited, part of the diverse and highly successful Thomson Holidays Group. The company is the UK's largest retailer of holidays, with over 500 travel shops and is recognised as an innovative leader in its market sector. Following a period of massive growth, in the last two years, the company now wishes to recruit two accountancy professionals to strengthen its Head Office teams. These positions are regarded as being key to the company's future success and demand highly talented individuals who combine technical ability with interpersonal skills

Chief Financial Accountant

The Chief Financial Accountant will be an ACA or ACCA with at least three years post qualification experience.

which will enable them to build business relationships with colleagues at all levels up to the main board.

The successful candidate will manage a busy department of twenty five people, ensuring that each area successfully meets its deadlines and targets. Some evidence of team management, ideally in a commercial environment, is therefore essential.

Responsibility will include the salaries, purchase ledger, fixed assets, cashiers and nominal ledger departments. Apart from the statutory requirements of the position, however, the Chief Financial Accountant will be expected to display the flair and confidence to liaise with senior financial executives at group level. (Ref. MCS/8851)

Chief Management Accountant

The Chief Management Accountant will be a CIMA with at least three years post qualification experience.

The main duties of the position will be to manage a closely knit accounts department of six people and to advise Senior Managers and Directors of the company on the interpretation of data provided in order to make prudent financial

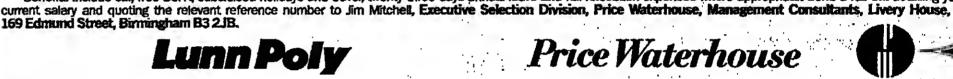
and commercial decisions and to recommend the best course of action for Lunn Poly. Previous experience in developing management information systems is essential and a background in a multi-location retail environment would be a distinct

This is regarded as being a very important position in a very high profile area of the company and calls for a high level of technical and managerial expertise. (Ref: MCS/8852).

These positions are based in Learnington Spa, an area which combines busy town life with immediate access to the beautiful Warwickshire countryside. Many sporting and cultural activities are within easy reach and Stratford-upon-Avon, with its theatres, is only a few miles away. Benefits include car, free BUPA, subsidised holidays and travel, twenty three days annual leave and full relocation expenses where appropriate, Send a full C.V. detailing your

Lunn Poly

Price Waterhouse



Financial Controller

Kingston[®]

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7:47 77 gd 4324 mg

c.£30,000 plus car and benefits

169 Edmund Street, Birmingham B3 2JB.

Our client is Nikon UK Limited, which provides sales, marketing and service for Nikon products in the UK. The position reports to the MD and is based in the Company's superb offices at Kingston, Surrey. There are three divisions: Photographic; Instruments (based at Telford); and Electronic Imaging Products. These have a total turnover of some £25m pa.

The Financial Controller heads a small team using an IBM mainframe, and, as well as the more routine accounting responsibilities (to tight deadlines), has a major duty to ensure adequate funding and forex exposure management.

You must be e qualified accountant aged 28-32, with significant computerised accounting experience. You should have hed some involvement with the financial aspects of marketing plans; you also need to communicate well and operate effectively es e team member.

If you feel that you have the personality and initiative to meet the requirements of this role, please write to Geoffrey Rutland ACA, ATII, at the address below, quoting reference 1577, end giving concise career and salary details end e BDO daytime talephone number, or phone him on (01)-583 3303 (office) or (01)-878 8395 (home).

BINDER BDO Binder Hamlyn Management Consultants HAMLYN 8 St. Bride Street, London EC4A 4DA

FINANCE DIRECTOR

Acquisitive Consumer Goods Business

Cambs/Lincs border

Part of a highly respected British public group, this flourishing company is undergoing rapid expansion, by acquisition and organic growth. A major player in the foods sector, it is strategically positioned in a number of expanding market niches. Its success is based on innovative product development, technologically advanced production and synergetic acquisitions.

The Finance Director will work closely with the Managing Director on commercial strategy, business development and acquisitions. The units are self accounting and the role will provide support and guidance to their management teams whilst evaluating and interpreting performance.

You should be a graduate qualified accountant with a background of increasing responsibility in Package c£45,000 + car

financial management. This will include exposure to large organisations, both at the sharp end and at a strategic level. Commercial judgement, excellent communication skills and a high energy level are the essential qualities which will enable you to contribute to the company's development and success. The remmeration package includes a performance related bonus and in addition the company will provide generous relocation assistance, if appropriate.

Please reply in confidence, giving concise career, personal and salary details to Paul Carvosso. quoting Ref. L390.

Egor Executive Selection 58 St. James's Street Lundon SW1A 11D (01-628 8070)

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United Kingdom · Belgium · Denmark · France · Germany · Italy · Netherlands · Portugal · Spain



Finance and Planning

London Underground takes a new direction Central London

A network of 10 'core' business units, each one an independent profit centre with its own management team, gives London Underground a new business approach to meet the customer needs of the 90's and beyond.

Financial control, capital appraisal, systems development and investment planning are just some of the crucial issues for the Unit Finance & Planning Manager—a real voice in top management for high calibre young accountants.

Business acumen, initiative, strategic vision and determination to get

c. £26,500 + car + benefits

things done are the qualities you'll need. Your professional background will include post qualifying experience in a fast moving, customer orientated environment.

Salaries are around £26.500 + car. Benefits: private health insurance, pension scheme, relocation help and concessionary travel on British Rail, Tubes and London Buses.

If you are looking for management at the top, please write enclosing full CV to: Chris Hale, Personnel Department. London Underground Limited. 55 Broadway, London SW1H 0BD. Please quote reference UMV/67X.

FINANCIAL OPERATIONS **MANAGERS**

International Communications Systems

This very substantial and forward-looking business is a division of a major British plc. It has a turnover of £1.7bn and comprises a varied range of rapidly growing operating units whose products stand at the forefront of the communications

industry.

As a result of acquisitions, new business development and an increasingly dominant market position, the need has arisen for two experienced individuals to oversee and monitor the operations of a portfolio of individual units. This will entail working with the local management teams to integrate the new businesses, to undertake detailed analysis of their performance and to identify and manage areas of potential risk or opportunity.

These key roles require strong commercial flair, an analytical and investigative approach and well

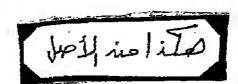
to £40,000 + Car

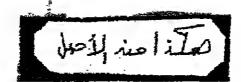
developed business management skills. They will suit qualified accountants aged in their 30's with a good degree and a record of success within progressive commercial environments. Candidates should be tough, flexible and self-motivated. Based in central London they should be prepared to travel within the UK and occasionally overseas. These stimulating and challenging roles are expected to lead to unit finance directorships within 18 months.

Please write in confidence, giving concise career, personal and salary details to Paul Carvosso, quoting Ref. L391

Egor Executive Selection 58 St. James's Street London SW1A 1LD (01-629 8070)

United Kingdom - Belgium - Denmark - France - Germany - Italy - Netherlands - Portugal - Spain





Finance Manager

South of London - Near M25

c£30,000 + Car + Benefits

Our client is a major subsidiary (t/o cf.200m) of a household name group in the leisure sector.

Rapid growth and diversification has created a need for an ambitious and effective Financial Director. The role has responsibility for the accounts function of 45 steff and control within newly developed areas of the company's business as well as introducing and maintaining sophisticated management reporting

systems.
Candidates should be graduate qualified accountants, age indicator 27-32, who can demonstrate an outstanding record of achievement to date and are seeking a role with significant intellectual and management challenges.

Energy and flexibility are essential and will complement proven problem solving ability and interpersonal skills. Prospects for rapid advancement are excellent.

Please telephone or write enclosing full curriculum vitae quoting ref 308

Nigel Hopkins FCA, 97 Jermyn Street, London SW1Y 6JE Tel: 01-839 4572 Fax: 01-925 2336

Cartwright Hopkins

FINANCIAL SELECTION AND SEARCH



Brussels Based 50% European Travel

Our client is a US chemical multinational with sales exceeding \$1 billion in 1988. In Europe the company has activities in Belgium, the United Kingdom, France, West Germany and Norway.

For these European operations they are seeking a Senior and International Auditor, who will be located in the Brussels Coordination Office.

Reporting to the Director - Internal Audit in the USA, the successful candidates will conduct internal audits to determine whether policies and procedures are followed, established standards are met, resources are used efficiently and economically and planned missions are accomplished properly. 50 to 60% travel in Western Europe will be necessary.

Applicants, qualified accountants, should have

Belgian Francs 1.2m-2.0m With Significant Tax Advantages

four to six years' experience for the senior auditor and two to three years' for the auditor either in public practice or in a corporate audit environment.

Strong interpersonal skills as well as fluency in English and

German are required. French or Durch are an additional plus. Ability to use a personal computer and knowledge of applicable professional standards are important assets.

Both positions offer excellent international prospects and an

attractive salary package.

Initial contact may be established by writing to:

Terry Benson, Michael Page International, 39-41 Parker Street, London WC2B 5LH. Alternatively, telephone him on (London) 01-831 0431 during office hours or 0990-21049

VI-831 0431 during office hou evenings and weekends.

Michael Page International

International Recruitment Consultants London Amsterdam Brussels Paris Lyon Sydney

FINANCIAL CONTROLLER

A high level challenge from BT's hi-tech growth division

To £35,000 + car + benefits

British Telecom is emerging as one of the most powerful forces in the world of datacommunications. BT Datacomms manages a comprehensive state of art product portfolio which has enabled it to become one of BT's most successful international operations.

The Financial Controller will play a key role in BT's international success in this business area. As a member of the management team, the Controller is responsible for providing full management accounting services and advising on crucial strategic issues. Reporting to the General Manager, this is a very high profile role offering considerable scope for influencing the commercial direction of BT's datacommunications business.

Clearly, it's a job that calls for a proactive and highly skilled manager. A mature individual who can manage and motivate a small accountancy team. A financial expert who can quickly assimilate and assess strategic options encompassing acquisitions, technology transfers, and joint ventures.

The rewards certainly match the seniority of this position. The salary is matched by a top quality range of benefits including: a car, additional performance related pay, an excellent pension scheme and prospects of further advancement within this division and into other parts of the company.

Please write in confidence, enclosing a full cv, to:- Norma Henry, British Telecom, Communications Systems Division Personnel, 2nd Floor, 17-19 Rochester Row, LONDON SW1P 1LA.

TELECOM

DIVISIONAL FINANCE DIRECTOR

LEISURE INDUSTRY

Central London

With an outstanding record of expansion and achievement, our client continues to display significant growth. This activity has strengthened its position as a leading force within the fiercely competitive leisure sector.

As a consequence of this expansion, the group now requires an outstanding individual to assume responsibility for the financial performance of the highly profitable leisure division.

Reporting to the Divisional Managing Director, responsibilities will include the assessment and evaluation of investment opportunities, ensuring smooth and effective integration where appropriate. In addition, the Divisional Finance Director will provide guidance and advice on all aspects of financial management and control to the respective operating companies.

c£37,000 + Benefits

Aged 30-35, the successful candidate must be able to demonstrate an

impressive post qualified record of achievement in a leisure, retail or related service sector.

Resilience, determination and sharp business acumen are essential

characteristics in order to meet the challenges of this demanding

Further advancement within this rapidly expanding group will only be limited by individual ability.

For further information please telephone Tim Musgrave on 01-437 0464 or write to him, enclosing a detailed CV, at the address below.

ROBERT • WALTERS • ASSOCIATES

RECRUITMENT CONSULTANTS

Queens House I Lelcester Place London WC2H 7BP Telephone: 01-437 0464

FINANCIAL PLANNING & ANALYSIS MANAGER

High growth telecommunications

Up to £35,000 + car

Accelerated growth is not unusual within this US based advanced technology group. However, this UK subsidiary will enjoy an enviable 50% growth in 1989, owing to its leading position in an expanding telecommunications market. A sales and marketing led business, it offers a vibrant, goal oriented environment and excellent career development opportunities through growth and within its substantial UK and international operations.

Reporting to the Finance Director, the person appointed will lead a small team, focusing on performance monitoring and analysis. You will forecast and interpret the financial implications of commercial and strategic options, ansuring that the company maximises its returns.

M3 Corridor

The successful candidate will be an ambitious, energetic qualified accountant, anxious to make a mark in this demanding international group. As well as having a rounded background of financial experience, you will need excellent communications skills and sound commercial acumen. Age indicator, 30-35.

Please reply in confidence, giving concise career, personal and salary details to Heather Male, quoting Ref. L389.

Egor Executive Selection 58 St. James's Street London SW1A 1LD (01-629 8070)

EGOR EXECUTIVE SELECTION

United Kingdom - Belglum - Denmark - France - Germany - Italy - Netherlands - Portugal - Spain

FINANCIAL DIRECTOR Commercial Role-Telecommunications

Our Client, a £50m turnover division of a major plc, is a market leader in its field, with more than 30 years experience in providing business communications. As part of the Group's commitment to future growth, a Finance Director is now required to take full control of the Division's financial and administrative affairs, to report to the Board on business performance and play a significant part in the general management of operations.

Key duties will include the supervision of the finance function, business.

Key duties will include the supervision of the finance function, business and strategic planning, (identifying potential business development areas, diversifications and acquisitions etc), as well as playing an active role in the enhancement and development of reporting and information systems. Working closely with the Managing Director, you will be involved in all aspects of the Division's general management, trading and commercial decision making.

Candidates will be qualified Accountants with strong commercial fiair, who have held a senior operational finance position. A dynamic personality with well developed communication and management skills is essential.

Places apply directly to loop Coulton at Robert Holf, Exercise.

Please apply directly to Joan Coulter at Robert Half, Freepost. Walter House, Bedford Street, 418 The Strand, London WC2R 0BR. Telephone: 01-836 3545, evenings 01-531 3005. Alternatively fax your details on 01-836 4942.

Financial Recruitment Specialists
Loodon · Birmingham · Windsor · Manchester

GROUP FINANCIAL CONTROLLER

Rural East Midlands

This highly regarded public group is a pace setter; a leader in several consumer markets, it has grasped the initiative in expanding into new sectors and has already achieved a turnover of £500m. It has a reputation for professionalism, innovative product development and a commitment to quality and efficiency. The group's continued expansion is based on strategic acquisitions and investment for organic growth.

The Group Controller reviews and reports on group performance to the main board, and prepares the published accounts. Reporting to the Finance Director, the position carries responsibility for evaluating investment proposals and business development opportunities whilst managing a central treasury function and optimising the group's tax position.

Package c.£45,000 + car

The successful candidate will be a graduate qualified accountant, in his or her thirties, able to combine commercial judgement with sound technical skills. There are excellent career development opportunities for an ambitious financial manager who demonstrates intelligence, business acumen and commitment in this demanding role.

The package includes a performance related bonus, normal large company benefits and an attractive relocation package if required.

Please reply in confidence, giving concise career, personal and salary details to Heather Male, quoting Ref. L393.

Reor Executive Selection 58 St. James's Street London SW1A 1LD (01-629 8070)

EXECUTIVE SELECTION

United Kingdom · Belgium · Denmark · France · Germany · Italy · Netherlands · Portugal · Spain

Financial Controller

with people skills to match professional strengths Woking c.£30,000 + car

A worldwide reputation as one of the leaders in a specialist management consultancy discipline has earned our clients considerable respect as well as annual income in excess of \$600 million. The UK operation bills some \$20 million and 25% growth is confidently expected over the next year. The time is now right to appoint a Financial Controller to head up the accounting function, based in prestigious offices in Woking.

Ideal candidates, probably in their early thirties, will be suitably qualified accountants, with a demonstrably successful background in a time-based, service industry. Technical experience of management accounting, analytical skills and computer literacy are taken as read but in an environment focused intently on

people values, the ability to motivate a small close-knit team is considered paramount. There will be contact with, and support to be given to, the European offices so that there is unlimited scope to develop the role. Undoubtedly this is a superb career opportunity

and the salary, together with a first class benefits package, has been geared to attract first class candidates. Please send full career details, quoting reference A1540 to:
Malcolm Lawson at Codd Johnson Harris, Human Resource Consultants,
12 New Burlington Street, London W1X 1FF or

alternatively telephone 01-287 7007 during the working

day or 0444-73216 in the evenings.

CII Codd-Johnson-Harris

Financial Controller

Central London

c£28.000 + Car

Our client is an exciting TV and promotions group, whose products enjoy a high profile in the media, and who are part of a well known and much respected entertainment and retail plc. Although established recently the group has grown very rapidly with principle activities in video and film post production, design and corporate communications.

Reporting to the Finance Director the Financial Controller will contribute to the management and development of the group with responsibilities covering ine group with responsibilities covering, financial and management accounting, budgeting, forecasting and review of the UK and US operational performance using up to date computerisation. Involvement and commitment are key features of this role. Good PC skills, particularly Lotus 123 which is used extensively, are important.

Candidates should be chartered accountants, age indicator 28–35, who have good interpersonal skills to run a department and who would enjoy working in a positive fast pace environment. Career development prospects are good.

Please telephone or write enclosing full curriculum vitae quoting ref: 309 to: Philip Cartwright FCMA, 97 Jermyn Street, London SW1Y 6JE Tel: 01-839 4572 Fax: 01-925 2336



FINANCIAL SELECTION AND SEARCH

National

HEAD OF FINANCE

Applications are invited for this vacancy which will arise in the latter part of 1989.

The Head of Finance, who will report to the Director, Executive Director and to the Board, will be responsible for the total financial operation of the Royal National Theatre, which has a turnover of £17 million. The successful candidate will be required to formulate and implement financial strategy as a key member of the senior management team.

The successful candidate will have several years senior financial management experience, appropriate professional qualifications and be able to demonstrate the ability to lead and motivate staff. Initiative, enthusiasm and interest in the Arts are essential.

Salary by negotiation, but likely to be in the region of £30,000 per annum. There is a contributory pension

Please apply with full C.V. to: David Aukin, Executive Director, National Theatre, South Bank, LONDON, SEI 9BX. Closing date: 10th February 1989.

AN EQUAL OPPORTUNITIES EMPLOYER

Planning Manager

Thames Valley

c£30,000 + Bonus + Car

This independent British company is the market leader of business software and has an enviable reputation for product impovation. The Group has a record of spectacular sustained growth throughout the 80's and supplie solutions to the top companies in the UK and Europe.

The role will report to the Group Financial Director and the key responsibilities will include implementing a rolling forecasting system, development of mans mformation and other profit related projects involving all the Group's world-wide locations.

Candidates should be qualified accountants, age indicator 27-35, with good communication skills and the determination to succeed. Commitment and flexibility are

esential within this exciting Group which plans further organic growth for the 1990's resulting in rapid promotion

Please telephone or write enclosing

full curriculum vitae quoting ref: 310 Nigel Hopkins FCA, 97 Jermyn Street, London SWIY 6JE

Tel: 01-839 4572

Fax: 01-925 2386

FINANCIAL SELECTION AND SEARCH

EXCELLENT PROSPECTS IN EXPANDING UK MULTI NATIONAL

Chief Accountant

Package c.£30,000 plus car and benefits Surrey/Sussex

Our client is a major subsidiary of a significant British Group with a turnover of over £1.5 billion. It is a leader in its sector with an excellent record for growth and ambitious plans for the future.

Due to promotion of the existing incumbent, a Chief Accountant is required to manage the Accounts Department of sixteen staff, ensuring accurate, timely production of all financial accounts and management reports, development of accounting systems and ad hoc financial investigations. Reporting to the Financial Controller, the successful candidate will be responsible for compliance with recognised accounting standards and statutory requirements.

Candidates, male or female, aged 27 to 32 years, will be qualified ACAs, ACMAs or ACCAs and will have had staff

management experience either in industry or in the profession. They must be ambitious, strong, positive and persuasive personalities who are able to deal with people at all levels. The selected candidate must have the potential to be promoted to a Financial Controller position within the Group in about 2 to 3 years.

Attractive benefits include a competitive salary, bonus, an executive 2.0 litre car, health cover, life insurance and contributory pension scheme. The company is located on the Surrey/Sussex borders and generous relocation expenses will be available if appropriate.

Please write with a full CV to Richard Brasher at the Maidenhead address below or telephone for further information.

MKA SEARCH INTERNATIONAL LIMITED MKA House 36 King Street Maidenhead Berkshire SL6 1EF Telephone: 0628 75956 Fax: 0628 770065

Maidenhead, London, Worcester



BROAD-BASED CORPORATE FINANCE ROLE

Treasury, projects & acquisition studies for Manufacturing Group

c. £30,000 + car

Kent

The group employs approximately two thousand people and turns over about £250 million; profits continue to grow dramatically and the future is assured. The several manufacturing sites and subsidiary service companies have a considerable degree of autonomy, but at the centre there is a small, high powered finance team. We are looking for an industrially experienced and commercially able accountant (probably Chartered, but personal strengths are more important than the particular qualification) to work closely with the Finance Director and to stand in in his absence. Major responsibility will be the cash management and treasury function, but just as relevant will be independent, one-off finance projects. Further, as the company is firmly set on a growth pattern, acquisition studies will be an important part of the job. Ideal candidates will be in their mid thirties/early forties, with the intellect, interest and commercial flair which will enable them to enjoy both the inherent challenges of this unusually wide role and its obvious career development potential. Please send full career details, quoting reference WE 9031, to Robin Davies at Ward Executive Limited, Academy House, 26-28 Sackville Street, London W1X 2QL Tel: 01-439 4581.

MARD EXECUTIVE

LIMITED Executive Search & Selection

Director of Finance

Lancashire

Our client is a highly successful £10m t/o manufacturing subsidiary of a major packaging group. Significant investment is planned over the next five years to support further growth in what is a rapidly changing environment. Operating on a totally autonomous basis, they are engaged in the manufacture of high quality printed products for Blue Chip customers.

A Director of Finance is required to assume total responsibility for the finance, data processing, and company secretarial functions of the company. In addition to the normal responsibilities associated with an appointment at this level, the successful applicant will be required to

c £25,000 + Car + Benefits

work very closely with the Managing Director in the areas of business development and strategic corporate planning.

Candidates, aged 27-35, should be qualified accountants who have a successful track record in financial management which demonstrates a high degree of commercial awareness, in addition strong management ability and excellent communication skills are essential.

Interested applicants should contact lain Blair ACMA, quoting ref 3087 at Michael Page Finance, Executive Division, Clarendon House, 81 Mosley Street, Manchester M2 3LQ. Tel. 061-228 0396.

Michael Page Finance

International Recruitment Consultants London Bristol Windsor St Albans Leatherhead Birmingham Nottingham Manchester Leeds Newcastle-upon-Tyne Glasgow & Worldwide

HEAD OF ACCOUNTING & REPORTING

ACA/FCA

CITY

SALARY c£40,000p.a. + CAR + BANKING BENS.

FIN

A leading International Bank with a strong commitment to London, we have an impressive record of steady growth over many years in the City.

Our clients are both Domestic and International, Corporate and Sovereign, and our financial products range from conventional lending and treasury to fee-based project finance. Internal promotion has created this opening for an experienced Manager for the Bank's UK Accounting and Reporting Group (14 people). Major responsibilities include Management and Statutory Reporting, Internal Quality Control, and the provision of professional advice to line management.

This is a senior position in the Bank's UK Management structure, and in addition to the above responsibilities you will be expected to contribute to the overall improvement of our Operations from a very early stage.

Not less than 30 years, you are probably a graduate, and have been a Qualified ACA/FCA for at least 5 years. You have a proven track record as a Manager and will, ideally, have had similar experience in a major International Commercial Bank.

Interested candidates should send a full c.y. to:

-Write Box A1130, Financial Times, 10 Cannon Street, London, EC4P 4BY

Financial Director

Surrey

Salary Negotiable to £30,000 + Car

A highly-intelligent, energetic and imaginative Financial Director is sought by our clients, who have a substantial business which is in the process of a major change. The Company has an annual turnover of £25 million and provides passenger transport services in the outer perimeters of London.

The Finance Director will report to the Company Managing Director and has a functional responsibility to the Group Finance Director.

Aged late 20's to late 30's, candidates will be incisive "hands-on" accountants and will be

dynamic, practical and ambitious. It is anticipated that you will have held a similar role in substantial groups of companies. You should have experience of introducing costing systems, producing statutory accounts, financial modelling techniques and an understanding of corporate taxation.

Interested candidates, who meet these criteria, should send a detailed CV including current salary to David Fyles, quoting reference LM 706 at Spicers Executive Selection, 13 Bruton Street, London W1X7AH.



SPICERS EXECUTIVE SELECTION

A MEMBER OF SPICER & OPPENHEIM INTERNATIONAL

Financial Services

City Based

Recently Qualified ACA

c.£25K+Banking Benefits

The Hougkong and Shanghai Banking Corporation, one of the world's leading nking groups, is seeking to recruit an ambitious young charter in its specialist review department. accountant to join its spe

As a member of a small professional team, you will be responsible for reviewing and As a member of a small professional team, you will be responsible for reviewing and appraising the Group's activities, controls and information systems in the Merchant Benking, Stockbroking, Commodity Broking, Investment Management and Insurance areas. Based in the City, the post will involve around 35% overseas travel, which is to the work's major financial

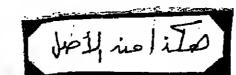
This is a challenging role providing a high level of exposure to senior man throughout the Group and offers excellent opportunities for career progra its must be determined, self-motivated and able to come by with senior executives. They should have an analytical and with the flexibility and initiative to work within a fast-moving

The successful candidate is likely to be a recently qualified ACA who has experience of financial services through training with one of the major professional

Remuneration will be around £25,000 with generous banking fringe be including mortgage subsidy, non-contributory pension scheme, life assurance

The Hongkong and Shanghai Banking Corporation

HongkongBank 🗘



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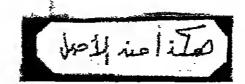
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Accountants for Operational Analysis

-Banking c£30,000 + Car **Substantial Bonus** + Banking Benefits

This client, a major international bank and financial services organisation, is

This client, a major international bank and financial services organisation, is seeking 2 graduate accountants aged 27-32 for a project team which is actively extending production management and IT solutions to a wide variety of international and UK banking operations.

The positions, which are at project manager level, require strong analytical skills, inquisitiveness and open mindedness; good and written communication abilities and the lact and diplomacy to work effectively at all levels. There will be small teams of 3-4 analysts to manage which will require skills as team leader and teams brittles. There will be some which will require skills as team leader and team builder. There will be some overseas involvement. Promotion from these positions (which is already taking place) will be to line operational roles leading to long term high level. business careers, rather than the financial control route.

The requirement is for industrial or commercially experienced accountants who wish to move away from accounting and have the talent, tact and enthusiasm to grasp the opportunity. Relocation assistance is available where necessary.

Location-City. Please apply in confidence quoting reference 1.392 to:

£40,000_{0,a} NG BENS Brian H Mason Mason & Nurse Associates I Lancaster Place, Strand London WC2E 7EB Tel:01-2407805

Mason

Finance Director

£30,000 + car + profit sharing scheme Hertfordshire

> Our client is a progressive, fast growing computer company. In addition to establishing itself as a value added reseller for a variety of manufacturers, the company is a leading specialist in the application of portable computers and data communications. An energetic Finance Director is now sought to strengthen the existing management team.

Reporting to the Managing Director, the successful candidate will assume total responsibility for the accounting and financial management of the company. Managing a small team, the Finance Director will be expected to play an active role in strategic planning and must be capable of understanding the market in which the company operates.

Aged 28 to 40, you will be a chartered accountant who is results orientated and relishes the prospect of joining a highly charged management team. Given the nature of the business, computer literacy is essential as is the ability to relate to people at all levels. This is a first class opportunity for a commercially minded financial manager to share in the future success of this growth company

Please write in confidence to David Kennedy, Clark Whitehill Consultants, 25 New Street Square, London ECAA 3LN.

Executive Selection

FINANCIAL ACCOUNTANT

c£25K • BEDFORD

National Carriers Contract Services has established itself as one of the leading growth companies within the NFC Group. It supplies dedicated warehousing and distribution services of the highest quality to a wide range of industrial and retail customers. In the last five years it has grown four-fold with a considerable turnover in excess of £70m and some 2000 staff: 2500 vehicles and trailers which operate from approximately 110 locations.

The Company wish to appoint a Financial Accountant on the retirement shortly of the present incumbent.

Responsible to the Finance Director, the Financial Accountant is accountable for the effective maintenance of all financial accounts and associated matters to meet statutory requirements and standards. This also involves all taxation and insurance matters.

The successful applicant will be fully qualified with accounting experience which will preferably have been gained in a commercial environment. He or she must be able to demonstrate leadership skills and have the ability to motivate an

We offer a salary package of circa £25,000 plus an opportunity to purchase shares in the NFC Group.

Applications in writing, should be addressed to Mr. M J Bain, Personnel Director, National Carriers Contract Services, The Merton Centre, 45 St. Peter's Street, Bedford, MK40 2UB.

NATIONAL CARRIERS

NFC

peet & Nice. A confidential meeting is without our EXPATS enquire about our Special Services. The low WIX 146 01-724-309 22 July June 1. Birmingham Bt.

FINANCIAL PLANNING CONTROL

YOUNG QUALIFIED ACCOUNTANTS .

C. £25,000 (INC. BONUS) PLUS CAR AND EXCEPTIONAL BENEFITS

Volvo Concessionaires is an important and highly successful subsidiary of Lex Service plc, the $\mathcal{L}1.5$ billion automotive and electronic distribution group.

The company's ambitious and innovative approach provides a stimulating environment in which talented people have every opportunity for personal development. This is particularly true in the finance function which has a young high-calibre team and the following vacancies arise from internal promotions and re-organisation.

Ipewich - Accounting Manager

Based at the company's accounts centre, the Accounting Manager's role is essentially that of a Controller providing a full financial service to the management of two recently estable but already successful self-contained business units. Ref. 1684/FT.

Marlow, S. Budes - Financial Analyst

As the sole report to the Financial Planning Manager at the Company Headquarters, the Analyst will be involved in all aspects of financial planning and management information. He/
she will also have personal responsibility for providing a
financial service to the marketing and operations management
of the £100m parts business.

9.4 £250.571 Ref: 1685/FT!

The common requirements are for a commercial outlook, analytical skills and the ability to communicate effectively with

Benefits include a non-contributory pension scheme, private medical insurance, 28 days' annual holiday, plus relocation if

Write or telephone for an application form or send full details (with daytime telephone number and current salary) to our advisor, R.A. Phillips, ACIS, FCII, Phillips & Carpenter, 2-5 Old Bond Street, London WIX 3TB. Tel: 01-493 0156 (24 hours).



Swaps Accountant

Major International Bank

Financial Director DESIGNATE

West London

Our client is the subsidiary of Europe's largest manufacturer of automotive batteries. In the UK it is an importing, warehousing and distribution business.

Reporting to the Director and General Manager, the new Finance Director (designate) will advise the Board on financial planning and control, will manage the company secretarial, accounting, stock control, warehousing and distribution functions, and review existing systems, computerising where appropriate.

Candidates should hold a recognised accounting qualification £30,000 + Car

and have experience of financial management, preferably in manufacturing or distribution industry. They must be well versed in the preparation and interpretation of financial and management accounts, cash and credit control and the use of computers. particularly PCs.

The remuneration package will include a car and other attractive

Please write or telephone for written background information and/or informal discussion, quoting Ref. Number 451 to:- Peter Nielsen at the address below.

MKA SEARCH INTERNATIONAL LIMITED MKA House: 36 King Street Maidenhead: Berkshite SL6 1EF Telephone: 0628 75956

Maidenhead, London, Worcester

FINANCE DIRECTOR & **COMPANY SECRETARY**

West Yorkshire

£28,000 + Bonus + Quality Car

Our client is a rapidly expanding. £20m+ turnover private Company, engaged in the distribution of housewares. The Company has now reached a critical stage in its development, and as a result of the impending retirement of the present iocumbent now seeks to appoint a new Finance Director & Company Secretary to play a key role in the commercial direction of the business, both operationally and strategically.

Reporting to the Managing Director and supervising a team of 8, you will be responsible for:

— Establishing and maintaining effective financial reporting systems

- Ensuring the provision of timely and accurate financial and management information - Interpreting this information and advising the Board accordingly

- Assisting the Managing Director in the evaluation and formulation of business

development policy - Treasury Management

- Company secretarial duties Candidates, aged 35-50 will be qualified accountants with significant experience in financial management reporting gained

at senior level within a commercial environment. The successful candidate will also be able to demonstrate: - The ability and maturity necessary to manage a finance function within a fast

changing environment

- Pragmatism allied to business flair

- Excellent communication skills - Initiative reinforced by energy and commitment

The opportunity offers an arractive salary package which includes private medical care, pension scheme and relocation

assistance where appropriate. Interested applicants should send, in confidence, a detailed curriculum vitae including current remuneration to: Mark Carriban, Spicers Consulting Group, 12 Booth Street, Manchester, M60 2ED.



Their Swaps Financing business has developed rapidly and presents particularly complex challenges for the existing financial control and reporting systems. In

order to strengthen these resources, they therefore intend to appoint an experienced professional who will take full responsibility for the Swaps accounting and controlling systems, their further refinement and integration within the organisation as a whole.

Our client, a top rated bank, offers a wide range of

financial services to corporate clients throughout the

world. This leading position has been achieved by a

development of innovative financial engineering

strong commitment to excellence combined with the

products within both their domestic and international

markets. The London office plays a central role within

their global expansion and is consequently enjoying

ACA/CACA

significant growth.

The successful candidate will possess the following attributes:

Competitive Salary Package

- aged 28-35 years:

-qualified ACA/CACA;

previous experience within the financial service industry giving a good knowledge of capital markets

- familiarity with automated, multicurrency reporting and management systems;

excellent communication and supervisory skills combined with a high level of computer literacy.

This is a high profile role which, being located within the Dealing Room, gives first hand exposure to fast moving financial markets. The position reports at Senior Manager level and is responsible for a staff of four.

Interested candidates should write, enclosing a comprehensive Curriculum Vinse, to Charles Macleod, Manager, Financial Services Division, Michael Page Finance, 39-41 Parker Street, London WC2B 5LH or telephone him on 01-831 2000.



Michael Page Finance

London Bristol Windsor St Albans Leatherhead Birmins Manchester Leeds Newcastle upon Tyne Giasgow & Worldwide

ACCOUNTANTS HEALTH WARNING!

This is not for the faint hearted. We are a rapidly growing marketing services group looking for a qualified person with enough ambition to find personal success whilst taking us profitably into the 90's.

Group Financial Manager Chertsey, Surrey. Attractive salary subject to

Apply initially by CV to: Mrs. V. Wilkinson, Ars. V. Wilemson, Advertising & Marketing Associates Ltd. Patterson House, Gogmore Lane, Chertsey, Surrey, KT16 9AP

AMERICAN BANK

"Big 8" Qualified

to £25,000 + mortgage subsidy + profit share to £25,000 + mortgage subsidy + profit share

One newly-qualified ACA is required for challenging position within the
Project Team of a prime American bank. Another, more experienced
ACA, is required as a Team Leader in the same area. They are high
profile roles, the successful candidates will possess excellent interpersonal
skills and relate well to senior management. Initiative and self-motivation
are essential.

Candidates, mid 20s to early 30s, should have "Big Eight" experience and
enjoy front line responsibility.

Please contact Shelagh Arnell on 61-583-1661 or send cv to her
in confidence, ASB INTERNATIONAL RECRUITMENT,
SO Fleet Street, Loodon EC4Y 1BE

(part of ANGEL INTERNATIONAL RECRUITMENT)

Financial Controller

International Merchant Bank's London operation require a recently qualified A.C.A., ambitious for a responsible management role and seeking to broaden experience. Competitive salary/benefits package.

As a result of expansion prompting an internal promotion, a well established and highly successful international merchant banking group have created an additional position within the organisation for a recently qualified Chartered Accountant, ambitious for a progressive international banking career opportunity.

Initially located within the Leasing & Asset Finance subsidiary, the role is City based. Principal responsibilities will cover day to day accounting and supervision of EDP systems; planning — budgeting, monitoring and control; treasury — cash management and loan interest rate co-ordination utilising money market products; marketing support liaison on funding requirements and facility operation/administration.

The marketing support responsibilities are particularly relevant and emphasised by working with Account Managers and undertaking an active client liaison role.

The significance of the appointment will be reflected in a substantial remuneration package negotiable in the salary range £25,000 p.a. plus banking benefits to include a car.

GORDON BROWN & ASSOCIATES LTD. RECRUITMENT CONSULTANTS



5TH FLOOR, 2 LONDON WALL BUILDINGS, LONDON EC2M 5PP TEL: 01-628 7601 FAX: 01-638 2738

Gordon Brown

Management Accountant

South East

£25K + car

Our client is one of the world's leading defence accounts, annual budgets and 5 year plans, contractors.

They possess an expertise and reputation for excellence firmly founded on over 20 years of You will probably be aged 27-40, with ACMA or pioneening work and an enviable string of achievements.

Achievements that require the very highest calibre personnel to maintain the total excellence, the international respect and rising As well as an excellent salary you'll also enjoy a success on which they have built their name.

They're constantly engaging in new and exciting initiatives like a far reaching IT development programme with which you will be involved.

preparation of monthly management Burton-Sanigar, ref. RBS/B/97.

This is a high profile role requiring initiative and a pro-active approach to problem solving.

equivalent qualifications, have a minimum of 3 years' post qualification experience and possess good interpersonal and management

generous benefits package which includes an executive car and full relocation assistance.

If you are looking for a challenging career development opportunity please write with full details. These will be forwarded direct to our You will lead a team providing and interpreting client. List separately any companies to which management information including the your application should not be sent. Robert

MSL Advertising

MSL Advertising, 32 Aybrook Street, London WIM 3JL.

promise on the seasons and the seasons and



FINANCE MANAGER

Hants Coast £30,000 package + car

Vicon (UK) markets and supports a sophisticated range of CCTV equipment and systems for use in commercial and industrial surveillance applications. The security industry has been enjoying double digit growth for many years.

Continued growth in the UK and Europe now requires the addition of a qualified accountant to the management team. A subsidiary of a public US parent, Vicon (UK) contributes 15% to worldwide revenues and is thus fully supported.

The Finance Manager will control three

accounts staff and have a major hand in day to day operational management as no. 2 to the MD. Computerised systems are in place and there is thus considerable scope. He/she will work closely with the MD and make a strong contribution to business planning and commercial strategy.

The position requires a business minded, computer literate accountant with general management ambitions. An attractive salary will be enhanced by a profit based incentive.

To apply, please send full career details to Mike Smith, quoting ref V/ASG.

KPMG Peat Marwick McLintock

Executive Selection and Search Abbots House, Abbey Street, Reading RG1 3BD

European Audit Manager

Northern Home Counties

To £35,000+Car

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This corporation is a world leader, highly successful and profitable in its market segments. It is a \$2.5bn worldwide organisation which is expanding in Europe by growth and acquisition. It employs 6,000 in over 20 manufacturing and marketing locations in its European structure.

This appointment is a key role in the European management team. It reports directly to the American Headquarters and has broad ranging responsibilities in financial and operational audit including project work covering acquisitions studies and the introduction of new computerised systems. The appointment manages a small team based in the UK and Germany.

Candidates aged probably 28-35 and qualified accountants, will have broad-based. senior auditing experience preferably gained in a multinational environment. The position is ideal if you are looking for your first full management role. Prospects in this expanding corporation are excellent, particularly if you want to move into an operational role. An additional European language would be an advantage.

Candidates should apply in writing sending a full C.V. to Geoffrey Forester, Berndtson International, 6 Westminster Palace Gardens, Artillery Row, London SW1P 1RL.

Berndtson International

Management Consultants: Executive Search BRUSSELS COPENHACEN FRANKFURT GENEVA LONDON MADRID MILAN NEW YORK PARIS ROME STOCKHOLM ZURICH

Chief Accountant

HAMPSHIRE

£ negotiable + car

We are a large international firm of Consulting Engineers and are seeking a successor to our Chief Accountant who will be retiring in the Summer.

Applicants must be qualified Accountants, preferably with experience of the service sector, who can meet the challenge of complex systems and tight deadlines whilst leading a Department of 14 people.

Age is not a limiting factor but it is unlikely that anyone under 30 would have the necessary experience and presence.

The Chief Accountant is responsible to the Secretary for the total accounting function and the successful applicant will be expected to make a major contribution to the continuing development of our interactive computerised system.

The salary, which is negotiable, will be enhanced by an attractive benefits package including car and pension scheme.

> Please send your CV, including salary progression, to Mrs Doreen Lowe, Staff Services (Recruitment), at

Scott Wilson Kirkpatrick

to £28,000 + car + bonus

Finance Director

The Robert Smith Group of companies is primarily engaged in steel stockholding, manufacturing and supply to the oil and gas industry, international road haulage and as Mercedes-Benz and Porsche main dealers. Turnover is in excess of £30m.

The Finance Director will join the board of the parent company as the group enters its next important phase of development. Reporting to and working closely with the Managing Director, a major priority will be to direct and enhance the finance function of the group and be a key member of the management team providing financial guidance in

all areas.
In the age range of 28-40 applicants should be qualified chartered accountants who can demonstrate commercial flair and some experience of corporate acquisition work.
Please write enclosing a career history quoting reference R176 to David Welr,
Arthur Young, Commercial Union House, Albert Square, Manchester M26LP.

EXCEPTIONAL YOUNG ACCOUNTANT/MBA

Our client is a highly successful public group with diverse interests in the UK and international markets. Internal promotion has created an outstanding opportunity at Group

The postholder will primarily be concerned with treasury management activities and in addition will be involved with various projects at Group and subsidiary levels. Treasury activities will include cash flow forecasting and management. dealing on the money markets and the negotiation of interest rates and debt facilities. Ad hoc work will include the development of management information systems and the analysis of major projects.

The position would suit a young qualified accountant or MBA with treasury or corporate finance experience gained in a professional firm or banking environment. As the position involves liaising at the most senior levels in the Group, excellent presentation and communication skills are

Interested applicants should send a comprehensive career resume including salary history and daytime telephone number, quoting reference 3007, to Peter Homby, Executive

△ louche Ross

Eleven Albion Street, Leeds LS1 5PJ. Tel: 0532 444741.

BLOODSTOCK -**ACCOUNTANT** circa. £20,000 + Car

Required for large stud and racing establishment near Newmarket, Suffolk.

Must be able to work on own initiative and have the ability to communicate at all levels.

Responsibilities to include the preparation of computerised (I.B.M. S.36, AS 400) monthly management accounts, budgets and cash flow forecasts together with a variety of ad-hoc assignments. Principally based at Newmarket but also visiting other locations at regular

Whilst not essential, an interest in horse racing would be advantageous.

Apply in writing (with C.V.) in strict confidence before Friday 17th February to Box A1129, Financial Times, 10 Cannon Street, London EC4P 4BY

Financial Professionals

Provide the financial dimension to match our growth

Motorola is at the forefront of the highly competitive mobile communications industry. Our innovative technological capacity and progressive business environment have resulted in the winning of many significant international contracts. Perhaps the largest and most prestigious of these is to supply the infrastructure to secure a truly European network of mobile communications.

To accommodate all this activity, we're continually growing as an organisation. The financial implications of this process are tremendous. As a result we need the following proactive professionals with an aptitude for problem solving and planning to join us at our brand new facility in Swindon.

COST ACCOUNTING MANAGER

You will enjoy full responsibility for setting up and managing the Cost Accounting function, placing particular emphasis on manufacturing/inventory control systems, C.O.S., pricing, budgets and management reporting.

kieally, you will have at least 4 years' experience of a similar function in a multinational manufacturing company.

FINANCIAL ACCOUNTING MANAGER

You will start up and manage our financial accounting services, key areas of which will include monthly management/financial accounting, internal control procedures, fixed assets and treasury items.

To succeed you will need a minium of 4 years' experience as a Chief Accountant/ Financial Manager in a manufacturing environment and a knowledge of U.S. reporting

M.L.S./F.L.S. PROFESSIONAL

Managing the transfer of Management and Financial systems to the new facility, you will receive technical support from our existing M.L.S. systems in the U.K. and U.S.A. as you set up prime financial systems.

You will need at least 3 years' working knowledge of computer applications in the context of Financial and Cost Accounting Systems, MRP and Product Analysis, ideally covering IBM mainframe and PCs.

For all of these positions we offer an excellent salary and benefits package, including

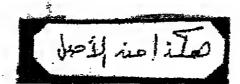
relocation assistance where appropriate.

Get in touch with your future — send your brief cv quoting Job Tirle to Annette.

Kennedy at Motorola Ltd, Communications Division, Jays Close, Viables Industrial Estate, Basingstoke, Hants. RG22 4PD. Or call her during normal office hours on (0256) 484201.



Arthur Young Corporate Resourcing A MEMBER OF ARTHUR YOUNG INTERNATIONAL



Hoggett Bowers

Financial Director

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Capital Equipment East Anglia,

To £32,000, Car, Benefits

This rapidly expanding, market leading company, an autonomous subsidiary of a £500m international group, manufactures a quality range of truck, trailer mounted and self-propelled access equipment. They now seek to appoint an ambitious experienced professional to be responsible for the complete financial and accounting functions and as a member of the senior management team, play a major role in the future development and success of the organisation. Reporting to the managing director, aged 28-45 and qualified to AGA/ACMA, you will be able to demonstrate a proven track record to senior level gained within a measure qualities include technical expertise, the ability to communicate effectively at all levels, direct experience of computer systems and a hands on management style. Future career prospects are excellent and a relocation package to this attractive and accessible area is provided where necessary. I. Thorne, Heggett Bowers plc, 5. Wallington Court, Wallington Street, CAMBRIDGE, CB1 1HZ, p223-324441, Fax: 9223-323250. Ref. F13017/FT.

Group Operational Auditors

North London/City Package Up To £32,000, Car

Package Up To £32,000, Car

This highly profit oriented company which operates in finance and property development, offers a stimulating platform to move into the labric of commercial enterprise. As part of a planned expansion this multi-disciplined teem now seeks to extend their specialist and it function embracing all company operations and providing a progressive internal management consultancy, and sudit service. The ideal candidates aged 25-40 will be qualified ACA's with a minimum of one years relevant post-qualification experience and display a flair for identifying commercial opportunities cuiside the more traditional accounting function. Personal qualities will include a flexible individual who can demonstrate effective interpersonal and organisational skills to achieve maximum results. This highly visible role should be considered as a stepping stone for future advancement into senior line management within the group. Significant basic salary enhanced by profit share and associated executive benefits.

B.E. Boylan, Accommency Division, Hoggett Bowers plc, 1/2 Hanover Street, LONDON, WIR 9WB, 01-734 6652, Fax: 61-734 3738. Ref. K16003/FT.

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BIRMINGHAM, BRISTOL, CAMBRIDGE, CARDETT, GLASGOW, LEEDS, LONDON, MANCHESTER, NEWCASTLE, NOTTINGHAM, SHETTELD and WINDSOR A Member of Blue Arrow pic

BANKOF ENGLAND ECONOMISTS AND MATHEMATICIANS

The Economics Division has vacancles for economists with good quantitative skills to work as part of a team of some forty economists engaged in policy analysis, research and forecasting of the UK financial system and economy. Experience of forecasting... or econometric analysis of monetary, macro economic or international topics would be an advantage, as would expert knowledge of the UK economy and financial institutions.

The Financial Statistics Division invites applications from recent PhD or MSc graduates in mathematics for its Mathematical Techniques Group to work on bonds/options analysis. The work is directly related to the Bank's operations in the financial markets and, although no background in any specific branch of mathematics is required, a high degree of mathematical maturity and the ability to learn new skills is demanded.

Appointments in both divisions may be on contracts of two to three years or to the Bank's permanent staff. Salaries will be negotiable, depending on age and experience. For application forms please write to:

D A Sharp, Personnel Division (HO-5), Bank of England, Threadneeds Street, London EC2R 8AH. or telephone 01-801 4518 The Bank is an Equal Opportunities Employer.

BANKOF ENGLAND



FINANCE DIRECTOR

Gir Manchester c £25,000 Package Late 20's/Early 30's + Car + benefits

This specialist manufacturer (turnover approaching £10m) has set its sights on an ambitious expansion programme – both within its traditional market-place and into new identifiable product areas. It is part of a large and dynamic UK Group that recognises significant opportunities for this subsidiary to capitalise on its proven design and production strengths. In this demanding environment, a commercially-orientated finance professional is required to complete the executive

Your role will have a dual focus. Firstly, you will spearhead the development of pc-based management information systems that can satisfy the demands imposed by a fast-moving and competitive business environment. Additionally, you will take a prominent role in the management effort that will drive the company towards its performance

targets. To meet this important challenge you will be a qualified accountant who has a successful track record in manufacturing industry. You will enjoy a high level of self-motivation, excellent communication skills and plenty of enthusiasm. The potential for the company – and your own career development within the Group – is excellent. Please apply to Dudley Harrop at our Manchester Office quoting ref M990



Amethyst House, Spring Gardens Manchester M2 1EA Tel: 061-834 0618 Also at Liverpool and Leeds

FINANCE DIRECTOR

NW Manchester • c£35,000 plus car and bonus

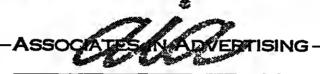
Our client is a major division of a large British multi-national. Operating on a world-wide basis the division, with its headquarters in north-west Manchester, manufactures and markets a range of rechargeable standby and portable power products into the Telecoms, Computer, Power Generation and Portable Appliance markets.

With a leading market share in the UK, Western Europe and the Indian sub-continent and a recent acquisition in North America, the business is poised for further profitable expansion. Due to internal promotion, our client is seeking a Finance Director to join the Executive team.

The position, which will report to the Divisional Managing Director, will have full financial responsibility for this international business including all budgetting, financial planning and control and internal accounting. A key task will be the implementation of the Group's financial process.

Applicants must have had at least 5 years' experience at a senior level in a manufacturing environment with a well recognised and clearly understood culture of strong financial management. Qualified and educated to degree level with sound IT experience, candidates should be able to demonstrate the capacity for progression within the Group. A fully competitive salary of around £35,000 and benefits package plus a

significant performance related incentive scheme will be offered. Applications from both men and women should include a brief CV together with current salary and the names of any organisations to which your application should not be sent, and be addressed to:T.L. Roberts, Director, Ref 903, Associates in Advertising, 5 St. John's Lane, London ECIM 4BH.



Chief Accountant — City

£30,000-£40,000 + car + banking benefits

Our client is a small, prestigious bank renowned for its superb personal service. Maintaining the very best of its traditions, the bank provides a wide range of services to its established but constantly growing customer base. Reporting to the main board, the Chief

Accountant will have day to day responsibility for the accounts function. Managing a small team, specific duties will include the production of monthly management accounts for submission to the board, dealing with the taxation affairs of the bank, preparation of year end accounts, maintaining close liaison with the external auditors and the training and development of finance staff. In addition, a key task will involve the conception, development and implementation of a costing system to cover all major scrvices. The successful candidate will be a chartered

accountant, aged 28-40, who has achieved good career progression to date and can exhibit a hands on, commercial approach. Familiarity with computerised systems is also essential. The position demands a persuasive but diplomatic personality who can increase the scope of the initial brief in due course. An excellent remuneration package is offered, the base salary being dependent upon experience. The primary benefits include a car, non-contributory pension scheme and subsidised mortgage.

Planse write in confidence quoting reference 7331 to David Kennedy, Clark Whitehill Consultants, 25 New Street Square, London,

CLARK WHITEHILL

Executive Selection

Innovative design, the latest technology, high profile marketing, effective financial controls . . . key factors in the success of the Tunstall Group PLC which aims to provide a total package of security, care and protection for people and property.

With a turnover of around £40 million, we continue to grow, both organically and by acquisition . . . which is why we are now looking for a number of professionally qualified accountants, with leadership abilities, commercial flair and, ideally, experience in the manufacturing sector.

FINANCIAL DIRECTOR Clevedon, nr. Bristol to £35,000 ... to head the Finance Department of one of the leading manufacturers and

suppliers of intruder and alarm equipment.

You will contribute to the management and continuing development of the business, providing financial guidance in all areas . . . focusing, in particular, on enhancing the integration process with a recently acquired company.

FINANCIAL CONTROLLER £17-26,000 Reading ... for a highly successful retailer of fire and intruder alarm products to trade

Reporting to the Finance Director, you will lead a small team, taking a 'hands-on' approach to both Management and Cost Accounting within the busy Financial

With a wide range of accountancy skills, you will be familiar with the requirements of branch accounting in a computerised environment.

CHIEF ACCOUNTANT Nr. York £17-22,000

... with the UK's predominant manufacturer of community alarm systems. Responsible for all financial accounting and related administration, you will provide monthly and annual reports for the Financial Director, as well as improving our existing computerised systems.

You will have at least 2 years post-qualification experience and a bright, innovative approach. A sound knowledge of computerised systems is essential. For each position, the attractive salary and benefits package includes fully expensed

company car. Given our continued expansion, the career prospects are excellent. Please apply, enclosing full career and salary details, to:

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experience, takes precedence over all other considerations, including age and qualifications. You will be developing and supervising their extensive computerised accounts system and a good background within a fast changing manufacturing environment is essential. Energetic, highly motivated and adaptable, you should be capable of responding enthusiastically and effectively to the wide demands of this high calibre post, and keen to identify your own progression with their ongoing development.

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Write in confidence to John Gregory at John Courtis and Partners, Selection Consultants, 855 Silbury Bonlevard, Central Milton Keynes MK9 3ND, demonstrating your relevance clearly and quoting 5189/FT. Both men and women may apply.

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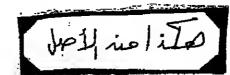
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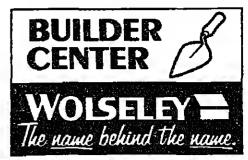
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For details and application form contact Jamet Roberts, Principal, Morley College, 61 Westminster Bridge Road, SEI 7HT. Tel: 928 8501. Closing date Theoday 14 February 1989.



FINANCIAL TIMES COMPANIES & MARKETS

Thursday February 2 1989



British funds group

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The prospect of marrying UK fund management expertise to European connections: appears to be a swelling theme as GT Management, the London-based financial services company, surrenders its independence to Bank in Liechtenstein, controlled by the principality's royal family. Nikki Tait and John Wicks examine the pros and cons of the royal match and. the logic behind such mergers. Page 24

Logging on to the electric dream The sound and tury of the open pits in Chicago and London could be somewhat tempered by a video version of futures trading. Glober, If approved, will be the first electronic trading system in the US industry, to London, the new futures trading system goes further than any other in replicating the environment of the open outery pit and is planned to be up and running within the next three months. Page 23

Digging out hidden resources



The Government of Guyana believes the country could transform its economy by attracting foreign investment to help unlock its largely untapped resources of gold, diamonds and timber, Mean-

while, Australia's third gold rush, under way since 1985, is beginning to falter under the impact of weak bullion prices, a strong Austra-ilan dollar and heavier tax obligations. Page 28

La Générale ready to foot any bill Top managers at Société Générale de Belgique, the diversified Belgian holding company: which fought off an unwelcome takeover from Mr Carlo De Benedetti, Italian entrepreneur, « last year, revealed they have "access" to roughly \$1bn cash for developing their newlystructured activities. Page 18

Moving debut for NFC



port and distribution group, looks set for a dazzling debut on the London stock

deteriorate, some analysts estimate that early dealings could see the shares as high as 230p. compared to earlier expectations of around 200p. Clare Pearson looks at prospects for the company and its employees after flotation.

Market Statistics

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La Générale

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Elders opens a whole new box of tricks

Maggie Urry looks at the Australian group's intervention into MB's proposed link-up with Carnaud

tall, blond Australian with the suitably rugged name of Ross Luke yesterday heaved a large spanner into what until this week had seemed the smoothly oiled progression of a major trans-Euro-

gression of a major trans-European packaging merger.

Mr Luke, a representative of Elders investments, part of the Australian brewing-to-farming group, Elders IXL, led hy Mr John Elliott, was intervening in the proposed link-up between the packaging interests of Britain's MB group (formerly known as Metal Box) and Carnaud, the French packaging business headed by Jean-Marie Descarpenties.

Elders investments has a 5.7 per cent holding in MB and on Tuesday said it objected to the deal and might itself be prepared to make a £780m cash bid for MB's packaging side, together with unnamed partners. Yesterday, at an obscure gath-

ering of MB warrant holders tied to the French deal, Mr Luke spelt out just what Elders disliked ahout it. The package, he insisted, was "not in the best interests of MB Group sharehold-ers or warrant holders", and he went on to explain why. Elders outburst is the most

dramatic opposition to the deal, which MB ordinary shareholders will vote on later this month, but it is not the only criticism. A group of former MB directors also entered the fray this week, complaining, among other things, that the bulk of the British group would fall into Gallic hands. Mr. Brian Smith, chairman of MB, dismissed their comments as "sadly insular."

Criticisms from Elders will not be so easy to shrug off. The motives of the Australian group are far from clear is it mainly interested in breaking up MB, or does it simply want a better



return on its investment? Between now and the shareholders' meeting the manage-ment of MB will have to answer

three basic questions:

Does the deal with Carnaud, to form a company called CMB Packaging, have a compelling commercial logic? So far there has been little criticism of this has been little criticism of this aspect of the French deal - and none from Elders, though its merchant bank, Morgan Grenfell, suggested yesterday that some-thing might be said later. The MB board argues that its

packaging arm will find it much tougher to compete among the giants unless it gets much bigger. Pechiney, the French aluminium group, has paved the way with its takeover of American National Can.

Strategically "Carnaud is the

best fit with Metalbox Packaging by a long shot," argues Mr Mike Murphy, analyst at Warhurg Securities. Between the two there is coverage of most European markets without much overlap, and combined the group will be by far the largest food can maker in Europe, and a big player in

beverage cans.

•Is MB — and therefore its shareholders — getting the best price possible for injecting such a large slice of the group into the Anglo-French company? The deal, announced in Octo-

ber, was certainly negotiated rap-idly and is a very complex pack-age. MB would keep a 25.5 per cent stake in CMB while 16.5 per cent of the CMB shares would be distributed direct to MB shareholders on about a 1-for-80 basis. MB would also get £240m in cash.

MB maintains that the deal values its packaging side at about £830m, compared to Elders £780m, and furthermore, the structure of the deal allows it to retain a large measure of control over the combined group.

Even Elders does not suggest it can put a proper price on Metal-box Packaging without seeing more information about it. The British and French companies were valued equally when the deal was originally put together. Some argue that Metalbox Packaging has greater technological expertise. But a visit to a Carnand can factory puts this in

• Elders Investments is objecting to the way MB intends to distribute the proceeds of the deal. It argues that the £240m cash, and holder agreement which gives both control of CMB. Each side can block plans put by the other. Handing the £240m of cash direct to shareholders might not matter much to Carnaud. But it would cause capital gains tax problems for some of the MB shareholders. Furthermore, MB wants the cash to develop the remaining husinesses it will be left with

after the French deal - central heating and bathroom products, and cheque and husiness forms. There is some logic in Elders argument that if the new MB needs cash it could go to share-holders and ask for it with con-crete proposals. But that would be expensive, since shareholders would have to reinvest from

to pay commissions. The merger proposal may not be perfect, but so far The Australian group has not come up with any firm alternative. Last week it ruled itself out of making a full

taxed income and MB would have

hid, while this week brought forth the still vague putative offer for the packaging side.

But analysts questioned whether it would be in the best interests of Metalbox Packaging to be owned, even if only in part, by a hrewer - and therefore a customer - than to merge with another packaging group.

The battle still has a consider-

able way to run. Last night MB said it had no intention of allowing the merger plan to he diverted. It reckons its institutional shareholders are in favour of the Carnaud plan, and will vote for it at the special meeting on Fehruary 24.

MB's stake in the new husiness will be equal to that of CGIP, the French holding company which Ms Sonia Falaschi, an analyst at UBS Phillips & Drew, argued that shareholders were unlikely Carnaud's biggest shareholder. to pass up the Carnaud merger Between them the two will have 51 per cent, and the relationship without something much more concrete and generous from will be governed by a sbare-

Thyssen no longer interested in Krupp

By David Goodhart in Bonn

THYSEN, the West German However, analysts point out, heavy industrial group, yesterday Mr Beitz will remain head of the reported a flying start to 1999 but trust which owns 75 per cent of also indicated that it was no Fried Krupp and is unlike its less-successful neighbour takeover of the company. Fried Krupp.
Mr Dieter Spethmann,

Thyssen's chief executive, said that he believed there was strong potential synergy between the two companies but in spite of putting much effort into persuading the Krupp management, he had found an unsympathetic response. "The window is now closed", he said at Thyssen headquarters in Dusseldorf.

However speculation remains in Germany about the possibility that Mr Alfred Herrhausen, chief executive of Deutsche Bank, will replace Mr Berthold Beitz as chairman of Krupp when he retires this summer. If Mr Herrhausen does take over he might want to revive the idea of a Thyssen-Krupp merger.

longer interested in a takeover of crown his career at Krupp with a In the first quarter of 1989 the

monthly average turnover at Thyssen increased to DM 2.66bn, (\$1.42bn) more than a 9 per cent increase on the same period last

Last year was itself a record with net income more than doubled at DM 680m and earnings per share, calculated according to DVFA methods, up from DM 14 to DM 25. Net debt is down to DM 1.5bn and the equity portion of the balance sheet has risen from 20.4 per cent to 22.1 per cent largely hecause of a huge increase in "profit reserves" from DM 674m to DM 1.089bm.

The four major divisions, all grouped around separate quoted companies, were profitable in

Siemens to produce **'intelligent** chips'

By David Goodhart in Bonn

SIEMENS of West Germany yesterday indicated its determi nation to compete with the lead. ing US and Japanese companies in the production of advanced semiconductors by confirming that it will buy from MIPS, a US software and electronics group, a design for the newest 32-bit RISC microprocessor or "intelligent chip".

MIPS is also expected to sell a design to NEC the giant Japanese chip maker.

Siemens already makes 8-bit and 16-bit microprocessors, 4-bit and 8-bit micro-controllers, as well as basic memory chips.

In the mid-1980s Siemens signalled its intention of catching up with the leading US and Japanese chip producers and has sub-sequently invested more than DM3bn (\$1.6bn) in the effort.

Earlier this year Siemens began producing the 1-megabit memory chip and is now producing more than 1m a month. The mass production of 4-megabit chips will begin this year. Mr Karlheinz Kaske, Siemens chief executive, said last week that research and development costs alone for the 4-megabit chip amount to DM1.5bn.

The move into RISC microprocessors, a new form of design which yields exceptionally fast processing speeds, is not likely to require such outlays. This is because some of the production technology features required for memory chips can be transferred into the manufacturing systems

The decision to huy the 32-bit design and thus develop a chip-making capability across the range of chips is thought by some analysts to reflect the aggressive style of Mr Juergen Knorr who now heads the semiconductor division recently split from the larger components

Electrolux profits jump by 21% By Robert Taylor in Stockholm

SALES OF Electrolux Jumped from SKr67.4bn to SKr74bn (\$11.7bn) during 1988. This enabled the giant Swedish white goods manufacturer to increase profits by 21 per cent from SKr3.06bu to SKr3.7bn, after financial items. Net profit per share totalled SKr25 against SKr20.60 and the dividend is heing lifted from SKr10 to SKr11.50.

Electrolux said that in 1988 the European market for the company was characterised by a good growth in volume in most coun-

This, together with a continuing restructuring of the company, ensured a marked improvement in results. There were also better

performances for the group in

South American and Far Eastern By contrast, the picture was

the shares in CMB that MB will

retain, should be handed out to

It says that MB shares will be

undervalued by the market

which, as many other cases have

shown, does not accord the true

worth to large minority stakes in

MB has several counter-argu-

ments. It says that retaining the

shareholding in CMB will give it

a much greater say in the fate of

the packaging group than indi-vidual shareholders would have

if they held the stake themselves.

quoted companies like CMB.

less satisfactory in the US, with a contraction in demand in many product areas. Activities across the Atlantic were also adversely affected by the cost of restructur ing the group's air conditioning equipment production as well as by a strike at the company's vacuum cleaner plant in Blooming-

ton, Indiana. Nevertheless, the future for Electrolux in the US looks good,

according to Mr Mikael Sjowall, an analyst at Kleinwort Benson Research in London. "The US market has bottomed out for the company," he said, pointing to the improved position for Electrolux with its strategic move of

production away from the rust-belt states of the north and midwest to the low labour cost areas of the south. For the final quarter of 1988,

group sales advanced from SKr17.88bn to SKr19.91bn and pronts inanciai item improved to SKr1.12bn compared with SKr952m for the corresponding period of the previous year. The fourth-quarter report includes first-time contributions from several recent acquisitions, hut not those of Roper and National Aluminum Luxem-

bourg.
Mr Sjowall said the Electrolux performance was "very promis-ing" and gave every indication that the company would continue to grow at a rate of 10 per cent.

January 1989

W H Smith advances 38.7% in first half

By Fiona Thompson in London

W H SMITH, the retail and distribution group, yesterday announced a 38.7 per cent rise in interim pre-tax profits to £41.6m

The group's retailing businesses, especially Our Price Music, performed particularly well, as did Do It All, the do-it-yourself chain, but distribution profits were down due to the impact of the widespread shake-up in newspaper distribu-tion arrangements and difficulties in book distribution.

The pre-tax advance was for the 27 weeks to December 3, 1988, compared with £30.0m for the 26 weeks to November 28, 1987. The addition in these results of the extra week, falling in the crucial run up to Christmas, has boosted the profits figure by £1m, said Sir Simon Hornby, group chairman. Earnings per share rose from share were de 10.02p to 13.27p. The shares Lex. Page 16

closed 8p up at 290p last night. Group turnover rose 20.3 per cent to £936.0m (£777.8m). Profits on the retailing side, including the sale of newspapers, magazines, stationery, recorded music and travel, rose by 67.4 per cent to £30.8m (£18.4m) on turnover up from £400.9m to £494.7m.
The introduction of electronic

point of sale (EPOS) equipment into the group's high street chain of 410 shops has had a dramatic effect on getting the product mix right and on profits, said Sir Simon. The 272-outlet Our Price chain was the star performer he said, showing a 68.4 per cent hike in sales, although this fell to a 19.5 per cent rise on a like-for-like basis, that is, eliminating the effect of the additional week. Interim dividends of 3.6p (3.0p) per A share and 0.72p (0.6p) per B share were declared.

This announcement appears as a matter of record only.



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Tootal to sell SA textiles stake

By Jim Jones in Johannesburg

TOOTAL, the UK textiles group, is to sell its 49.8 per cent stake in Da Gama, the South African textiles company, for R175m (\$45m at the prevailing financial rate) to South African Breweries, the diversified beer and consumer

products group. Tootal confirmed in January that it was negotiating to sell the stake. Initial indications that it

completely, have not come to pass. The UK company now appears set to remit the proceeds of the disposal.

The textile group under mounting pressure in recent weeks from Mr Abraham Goldberg, the stake-building Australian industrialist, has insisted that any decision to reduce its South African interest would not might form a joint venture with the based on political grounds but porate taxes are minimal and the purchaser, rather than divest part of an overall strategy of unions are virtually non-existent.

withdrawing from peripheral SAB will take control of Da

Gama immediately, although Tootal will continue to provide management and technical

advice for at least three years. Da Gama is one of South Africa's largest textile companies with factories in the black "homeland" of Ciskei where cor-

INTERNATIONAL COMPANIES AND FINANCE

Higher volume helps boost MCI

By Roderick Gram in New York

MCI Communications, the US's second largest long-distance telecommunications carrier after AT&T, bas reported a five-fold increase in fourth-quarter earnings, reflecting increased volume and a near doubling of margins.

Mr Bert Roberts, president of the company, said: "We prof-ited from a full line of service offerings, a premier sales and service organisation and an increasingly sophisticated oet-work. MCI is well positioned for continued strong revenues

Olivetti wins

approval for

Brazil move

BRAZIL'S protectionist

computer industry has suffered

a defeat following a govern-ment decision to designate as

"national" a new company created by Olivetti, the Italian

husiness machines manufac-

The company, Tenpo, was

created to skirt rules which prohibit foreign-owned busi-

nesses from competing against

Brazilian enterprises in the

\$2hn-a-vear micro-computer

sector. It is expected to intro-

duce highly competitive micro-computers using Olivetti

Tenpo shares are divided

hetween an executive board

more or less duplicating that of

Olivetti and holding 30 per cent, its employees and retail-

ers, with each group holding 20

The remaining 30 per cent is

held as non-voting stock hy Fides, a Swiss financing com-

The Brazilian Computer Industry Association has vigor-

ously opposed a "national com-

pany" designation for Tenpo. But after two years of discussion within the Government,

Mr Roberto Cardoso Alves, the

new Industrial Development Minister, has found in Tenpo's

The decision adds to growing

By Ivo Dawnay

in Sao Paulo

know-bow.

per cent.

and profit growth in 1989." Net profits for the three months ended December soared to \$122m or 46 cents a year earlier. Revenues grew by 38 per cent to \$1.43bn from \$1.65bn share from \$23m or 8 cents a

Full year net climbed to \$346m or \$1.23 from \$64m or 22 cents. Revenues were \$5.14bn, up 30 per cent from \$3.94bn a year earlier.
MCI said it benefited last

year from the introduction of worldwide direct dialling, fur-

ther strong growth in 800 services in which subscribers pay for incoming calls from their customers, and steady increases in residential and commercial volume.

Higher volume over its transmission network coupled with other operating efficien-cies boosted MCI's fourth-quar-ter operating margin to 13.5 per cent, from 7.2 per cent a vear earlier.

It expects further volume growth this year from the introduction of more services

and the start up of a fibre-optic transatlantic cable in which it is a part-owner.
Wall Street also points to
MCI's growing success in winning contracts from key corpo-

About 17 per cent of MCI's revenues come from corporate customers using more than \$250,000 of its services a year. MCI recently added Chrysler and Cray Research to its corporate customer list, which includes IBM, United Airlines and Merrill Lynch.

Hyundai in pact with Chrysler

HYUNDAI MOTOR is to build cars at its new Canadian plant for Chrysler Motors under a newly signed co-operation agreement which could lead to other joint projects.

The deal represents Chrys-

ler's effort to catch up with Geoeral Motors and Ford Motor which have production links with low-cost Korean companies. The compact Lemans model sold in the US hy General Motors' Pontiac division, for example, is made

in Korea hy Daewoo. Chrysler has a 21.6 per cent stake in Mitsubishi of Japan which in turn owns 7.5 per cent of Hyundai. In early 1991, the Hyundai

plant 50 miles east of Montreal will start making 30,000 mid-

sized four-door cars for Chrys-

ler which will be sold under the Eagle brand. Although sty-listically different, the cars will be the same mechanically as the Hyundai Sonata which began rolling out of the Québec plant three weeks ago. Hyundai plans to increase its Canadian production to 100,000

cars a year by 1991. Last year it sold 264,300 Korean-made cars in the US and 31,000 in Canada. Eagle is the nameplate Chrysler gave the models it inherited along with Jeep four-wheel drive vehicles when it acquired control of American Motors last year from Renault

The new car will fill a big gap in the Jeep-Eagle line left by Renault's decision to stop supplying Chrysler with a mid-sized car sold as the Eagle Medallion. Dealers are left with Medalion. Dealers are left with the Premier, a full-size Ren-auit-based car built in a Chrys-ler plant, the Summit, a com-pact car imported from Mitsubishi, and the Talon, a sports coupe made in Illinois by a joint venture between Chrysler and Mitsubishi. Maggie Ford in Seoul adds: Mr

Chung Se Yung, chairman of the Hyundai business group,

the Hyundai business group, said yesterday the agreement with Chrysler was a step forward in Hyundai'a plan to become a global manufacturer in the car industry.

Seoul has expressed concern about trade pressure from Washington. But the new deal, according to Mr Chung, was a symbol of industrial co-operation between South Korea and tion between South Korea and the US.

Compaq hits target as sales top \$2bn

By Louise Kehoe in San Francisco

COMPAQ Computer achieved its goal of registering more than \$2bn in sales for 1988, making it one of the fastest growing companies in US his-

The six-year-old personal computer (PC) manufacturer based in Houston, Texas made its entry into the PC market with the first portable IBMcompatible machines. It has grown to become the third largest PC manufacturer in the world, after IBM and Apple

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evidence that the government of President Jose Sarney is Sales of \$2.1bn for the year attempting to liberalise the computer industry, which has been criticised in the past represented a gain of 69 per cent over 1987, when the comas inefficient and uncompetpany reported revenues of \$1.2bn. Net income increased

by 87 per cent to \$255m or \$6.27 share, compared with \$136m or \$3.57 the previous year. Compan's stock price rose by \$1% to \$71% in heavy trading

yesterday morning. Net income for the fourth quarter was \$92m or \$2.18 a share against \$49m or \$1.25, an 88 per cent increase. Sales of \$668m were 55 per cent higher than the \$432m reported in the same period of 1987. A lower than expected tax rate boosted fourth-quarter earnings by 14 cents a share.

Mr Ron Canion, president and chief executive, said: "Strong worldwide sales of our entire product line contributed both to the year's and to the

quarter's strong performance." European sales were especially strong in the final quarter. International sales, exclu-ding Canada, contributed 39

per cent of the company's revenue in 1988. To support growing international sales, two new Compaq subsidiaries were opened during the year, in Switzerland and Belgium.

The capacity of the com-pany's manufacturing facility in Erskine, Scotland was dou-bled during the year. In Singa-pore, Compaq also doubled its circuit board manufacturing operations, while in the US a ing and administrative facilities is underway.

Drexel may face **Atlantic** City ban

By James Buchan

DREXEL Burnham Lambert, the Wall Street investment firm at the centre of n US insider trading scandal, faces being barred from conducting husiness in Atlantic City under laws designed to keep organised crime out of its big

casino industry.
State regulators in New Jersey confirmed yesterday that they were seeking to dishar Drexel from financing casino operations in Atlantic City until local regulators can rule on its fitness to hold a state. licence to deal with casinos.

Even a temporary han would

licence to deal with casinos.

Even a temporary han would be a blow to Drezel, which pioneered casino financing for Wall Street. It would set back the firm's efforts to shake off the insider trading scandal with its decision last month to settle with Federal prosecutors in New York and plead guilty to six felony charges. to six felony charges.

It could also hand Drexel's

rivals on Wall Street a valuable franchise.
The highly successful and aggressive investment firm is believed by the state's Attor-ney General to have under-

written some \$3.2bn in junk or Atlantic City operators as Bally, Golden Nugget and Cae-sar's World — and carned

\$120m in fees.

The firm itself says it has provided \$2.5bn in capital to the casinos, 70 per cent of the funds raised by the Atlantic City industry.

Drexel is confident it will gain a licence. Mr Steven Anreder said: "We believe we've done things which will enable us to obtain the licence."

Mr Anthony Paretti, head of gaming-law enforcement at the New Jersey Attorney Gen-eral's office, said he had asked the state's Casino Control Commission to stop Drexel conducting business in Atlan-tic City until the licence hearing because of the New York charges. He said he expected the commission to agree to the temporary ban.

Drexel was forced to seek a licence two years ago as part of the commission's rigorous screening of casino suppliers

ranging from building compa-nies to laundry services.

The commission, forpaed in 1977 when gaming began in Atlantic City, is credited with preventing organised crime,

industries. Ironically, it was Drexel that took casino financing out of the twilight of mob-related

"Historically, the casinos were not financed by your typ-ical Wall Street and bank investor. Drexel was the first," Mr Parctti said.

NEWS IN BRIEF

PENNZOIL, the US resources company, doubled fourth-quarter net income, largely a result of income gained from invest-ment following the \$3bn legal settlement with Texaco. Pennzoil's fourth-quarter net rose to \$36.1m or 88 cents

a share from \$19.1m or 37 cents a year ago, while invest-ment income advanced to \$35.7m, against a loss of \$11.8m.

At year end, earnings soured to \$1.5bn or \$37.58 after the Texaco settlement, up from \$45.5m or 72 cents in 1987. \$141.7m from a loss of

The full-year figures include a \$1.7bm or \$42.62 after-tax and expenses gain from the settlement with Texaco. The period also includes after-tax charges of \$303m or \$7.80 from asset writedowns.

the Dallas-hased airline, nearly doubled fourth-quarter profits, with net income rising to \$16.1m or 51 cents a share, against \$8.9m or 28 cents last

Revenues increased to \$225.8m from \$193.9m.
At year-end, net income jumped to \$57.9m or \$1.84, compared with \$20.2m or 63

compared with \$20.2m or 63 cents on revenues ahead at \$860.4m, against \$778.3m.

Last year's figures include a \$3.6m gain from the sale of financial assets and \$5.5m from aircraft sales, while the previous year'e results were boosted by \$10.2m from the disposal of the Transfar unit's assets. less shitdown expenses, and \$4.3m from the sale of financial assets.

 CASCADES, the Québec-based pulp and paper products group, is expanding its pack-aging materials interests in Europe by buying n 40,000 tonnes-a-year boxboard plant in Duffel, Beigium, from Pawmaltec and Gim. The deal will increase Cascades' boxboard capacity in Europe, mainly in France, to 325,000 tonnes a year.

La Générale can draw on \$1bn to fund development

By Tim Dickson and David Buchan in Brussels

THE TOP managers of Société Générale de Belgique, the diversified Belgian holding company which last year fought off an unwelcome take-over from Mr Carlo De Bene-detti, the Italian businessman, revealed yesterday that they have potential for raising roughly \$1hn of cash to develop their newly structured activities.

In a wide-ranging interview with the Financial Times 12 months after the dramatic bid battle began, Mr Herve de Car-moy, chief executive, and Vis-count Etienne Davignon, La Generale's vice-president and chairman elect, talked about the strategy they are develop-ing for the group's snbsid-iaries, the relationship with Compagnic Financière de Suez, the French investment bank which is the company's new owner, their hopes for the share placing planned for this summer, and their attitude to Groupe Bruxelles Lambert, the country's other major holding

company With the new management and new shareholders now nearing the end of a detailed review of their vast portfolio of husinesses, Mr de Carmoy and Mr Davignon are anxious to present a fresh image and clearer objectives for the group. It is usually depicted as a sprawling empire of more than 1,200 stakes covering everything from diamonds and transport to building, banking and zinc processing.

Mr de Carmoy affirmed La Générale's role as an industrial and financial bolding company which was firmly committed to 12 key industrial companies in four main "lines of business" which are either already leaders or "have the capacity for European or world leadership in the next two to three years." The four are materials, eg non-ferrous metals under Union Minière; energy and technical services under Tractebel; leaders in other activities such as CMB in shipping and FN Her-stal in arms; and financial ser-vices, notably Générale de Banque and Gronpe AG in

La Générale wanted; in the next few years, to rank at least among the top three groups in Europe and the first five to six in the world "in every industrial activity we are in." Fail-ure to achieve this objective would result in a rethink but

GROUPE Bruxelles Lambert, Belgium's second-largest holding company, yesterday announced details of a complex share swap which reinforces its direct participation in Petrofina, the Belgian oil group, and Tractebel, the country's energy, telecommunications and media concern. Petrofina and Tractebel were subject to stock market speculation last year and suspicions they were becoming a battleground for the ambitions of GBL and Société Générale de Belgique, the other big Belgian holding company. GROUPE Bruxelles Lambert,

Mr Davignon insisted "the

the development of these industrial and financial sectors (which account for roughly 70-per cent of the value of the portfolio and 85 per cent of cur-rent profits). La Genérale is also signalling its intention to expand into new areas by grouping together its portfolio of other stakes under a fifth broad heading.

"This is the mobile part of the company," Mr de Carmoy explained, "where we can trade more, invest more if we want. "If you combine this with the fact that we have a borrowing capability which is largely umused, and capital which is committed but not yet called upon, it means that we proba-

hotel chain Accor (9.4 per cent), the construction company Bouygues (9 per cent) and Clnh Mediterranée (2.4 per cent) has nevertheless come in for sharp criticism from some analysts that the deal was done largely to suit its French parent's requirement for cash.

and yet provided the opportu-nity to develop cautiously into promising new sectors.

Testerday's move does not change the balance of power, switching stakes held previously by key GBL shareholders and friends directly into the "daughter" company.

Under the deal, GBL is issuing 1,245,654 new shares, increasing its chare capital by

increasing its share capital by 7 per cent. In return it gets 181,728 shares in Petrofina held by Swiss-based Pargesa, 90,864 shares in Petrofina held by Compagnie Nationale a Por-tefeuille, and 26,724 Petrofina

emphasis is on staying, not leaving."

While committing itself to

bly have room for manoeuvre of around \$1bn. The important thing is that we have a capacity to move though we are certainly not planning to make a splash by

panning to make a spiash by spending it all in one go. That would destroy our credibility." La Générale's recent deci-sion (confirmed yesterday) to take over stakes previously held by Suez in the French hotel chain accor (9.4 per

Mr Davignon, however, defended the move, maintaining the deal had been done at "arm's length," involved little financial risk for La Générale

and 100,000 Tractebel shares held by Cobepa, another Bel-gian holding group. The recent sale of a small stake in the telecommunica-tions concern Alcatel – partly on the grounds that the particl pation was not sufficient to wield any real influence - was

not comparable because in this case the attitude of the main shareholders on bringing the company to market had Turning to the parent com-pany's relationship with its subsidiaries. Mr de Carmoy subsidiaries. Mr de Carmoy talked of removing the "ambiguity" which existed in the
past. The new message to La
Générale's "daughters" was
that they should pursue a polley of paying out a higher level
of dividends and not, as in the
past try to smooth out fluctua-

past, try to smooth out fluctua-tions in performance by provid-ing a steady stream of income. "It is important they should know that if they have a good year they can pay out a normal amount and not be blamed two years down the line if they suffer a reverse. We will support

them," he said.

Mr de Carmoy summed up his style as "action orientated, people orientated" and said that creating the new La Générale was "a three- to five-year

Asked about the planned offer for sale sometime this summer of the 12 per cent stake in La Générale held by Sodinvest — a company owned 51 per cent by Suez and 49 per cent by the Belgo-Luxembourg group of investors — Mr de Carmoy explained that the idea was mainly to woo back Bel-

gian investors. We are also keen in the longer term to have UK and Japanese shareholders. In my expe rience of working in the UK, the real British investor is sta-ble and interested in the long

which became entrenched in the older Nevada industry, from taking over the Board-

REEBOK International, the shoe and clothing manufac-turer 32 per cent owned by Pentland Industries of the UK,

has reported a steep dive in fourth-quarter earnings. Net profits for the three months ended December fell to \$6.7m or 6 cents a share from \$34.2m or 30 cents a year earThe Massachusetts-based

company warned in late November that its fourth-quar-ter profits would shrink to between 1 cent and 6 cents a share because of increased competition and thinner mar-

Reebok also tightened man-

Sales slipped to \$330.6m from agement control of its Rock-\$340.2m. agement control of its Rock-port and Avia shoe divisions after their sales growth fell

short of targets. For the first time in its spectacular nine-year history, the company's full-year net profits fell, declining to \$137m or \$1.20 from \$165.2m or \$1.49. Sales stood at \$1.79bn against

This announcement appears as a matter of record only.

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Türkiye İş Bankası A.S. January, 1989

BECTRATION

National Mutual Laring for our clients.



The 119th Annual General Meeting of The National Mutual Life Association of Australasia Limited was held at the Regent of Melbourne Hotel, 25 Collins Street. Melbourne on Tuesday, 31st January 1989. The

following are highlights from the Chairman's Address to the Meeting.

I am pleased to announce that the National Mutual Group has achieved a great deal in the past year.

High investment performance.

It is most interesting to consider the post-crash investment performance of National Mutual in Australia. The average rate of earnings after tax on our superannuation and life insurance Statutory funds for the 12 months to 30th November, 1988, was 16.8% for the No. 1 Fund and 14.2% for the No. 4 Fund.

The Balanced Portfolio in Australia's Number 2 Fund has averaged 20.5% per annum

logation to bonues knows over the three years to **LIKEmillion** 225

Total investment credits on capital guaranteed policies.

30th November, 1988. For the year ended 30th September, 1988, the Group allocated bonuses of £193 million to qualifying policies.

For the same period an amount of £138 million was credited to our life insurance and superannuation capital guaranteed policies.

Excellent sales results.

The Group's new premium and contribution income of £1,258 million for the year ended 30th September, 1988, was 40% higher than last year (£897 million). New premium and contribution income for the calendar year to 31st

1250

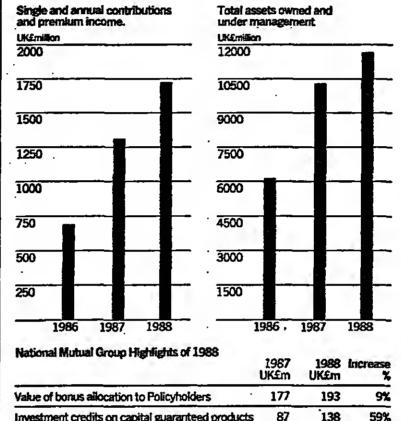
December, 1988 was over New premiums and contributions. £1.4 billion. This is the first time that any Group headed by an Australian. a high level of new business and we are very proud of this result.

life office has recorded such 1000 In the United Kingdom new annual

premiums amounted to £25.2 million for the year end 30th September, 1988, which was 44% higher than the previous year (£17.5 million), single premiums and unit trust sales of £185 million were 30% lower than the previous year (£266 million).

As a company we do not believe in growth for its own sake.

However, growth and increased market share are good indicators of the public's perception of a company. Our increased new business market share demonstrates that we have the right products and services to suit our client's needs.



| | 1987 UK£m | 1988 UK£m | Increase % |
|---|--------------|--------------|---------------|
| Value of bonus allocation to Policyholders | 177 | 193 | 9% |
| Investment credits on capital guaranteed products | 87 | 138 | 59% |
| New premiums and contributions | 897 | 1,258 | 40% |
| Total insurance in force (including bonuses) | 38,835 | 49,005 | 26% |
| Total premium and contribution income | 1,284 | 1,729 | 35% |
| Payments to policyholders and clients | 650 | 908 | 40% |
| Total assets owned or under management | 10,301 | 11,399 | 11% |

The National Mutual Group comprises:
The National Mutual Life Association of Australasia Ltd, Life Insurance subsidiaries internationally, other subsidiaries internationally. Trusts and other assets under management by National Mutual Companies. Premium and contribution income includes deposits in respect of National Mutual Portfolio Management and approved deposit funds. All figures are expressed in Pounds Sterling using exchange rates as at 30 September 1988.

Major diversification.

The Annual General Meeting provides a good opportunity to remind policyholders of what the National Mutual Group is all about. There have been a number of significant changes to the business and regulatory environment in recent years including:

- The deregulation of financial markets in Australia, New Zealand and the United Kingdom.
- Globalisation of many aspects of the financial services market.
- Enormous advances in technology.
- The entry of new players into the life insurance

National Mutual remains a major provider of life insurance, investment and pension products. To compete successfully in the new environment, the decision was made some years ago that the National Mutual Group would take advantage of local and global opportunities in life insurance and other financial services. This approach enables policyholders to reap the benefits of larger size and international opportunities.

In pursuance of this objective during 1988 the Group has:

 Acquired two United States-based life offices, Integrity Life Insurance and National Integrity

Life Insurance. We believe these acquisitions will give us profitable entry into the largest life insurance market in the world.

• Set up an International Investment House which has the responsibility for managing offshore funds from Australia and New Zealand together with the funds in our other international operations. This operation is well positioned to develop the role of fund manager for clients in overseas markets.

• Integrated our many Australian businesses including Australian investments.

We expect that these changes will lead to increased efficiency in our operations, greater levels of service for our clients and increased market penetration both at home and abroad.

Strategies for the future.

The keystone around which our long term goals and strategies are built is the mission statement of the Group Managing Director, Mr Eric Mayer

"To ensure that all our people will eagerly and enthusiastically give exceptionally good service to the most important person, our client."

In the light of this mission statement the Board has adopted a number of strategic goals:

"To be a dynamic, secure, profitable and forwardlooking international financial services group."

"To provide exceptional service to all policyholders."

"To ensure that our policyholders receive good value for money."

In pursuit of these we recognise the need to be a good employer and a good corporate citizen in the communities we serve. We have over the past year put in place strategies and policies to ensure that these goals are achieved.

Your Board is confident that their achievement will result in even better service for clients, providing a very good return on clients' money with products that change as the needs of clients change.

Send for our 119th Annual Review.

If you would like to know more please read our 1988 Annual Review which can be obtained by filling in and returning the coupon below.

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BANCO BILBAO VISCAYA

NOTICE OF ANNUAL GENERAL MEETING

The first Ordinary General Meeting of Banco Bilbao Vizcaya will be held on Saturday, 25 February, 1989 at 12.30 pm, at the Cine Capitol, Villarias 10, Bilbao, Spain.

The agenda for this meeting is as follows:

- Adoption of the financial statements and administrative matters for 1988, including the declaration of the dividend
- 2. Appointment of Directors.
- 3. Appointment of Shareholder Auditors for 1989.
- 4. Approval of accounting practices in relation to the
- 5. Authorise the Board to increase the share capital of the Authorise the Board to increase the share capital of the company from ome to time as the Board sees fit on terms that are considered appropriate, whether for eash or other consideration, in accordance with Articles 88, 94, 95, and 96 of Spanish Company Law (dated 17th July 1951), and provided that Articles 5 and 6 of the Company. Statutes have been modified where appropriate have been modified where appropriate
- 6. Authorise the board to issue, in accordance with Spanish Company Law, EEC Directives and other applicable legal requirements, treasury bonds, securities or any equivalent bonds in pesetas or other currencies to be subscribed for in cash or other consideration which may be completely or partially convertible into the company's shares or the shares of any other company in the manoer and under coorditions stipulated by the Board, modifying Article 5 of the Company Statutes where appropriate.
- 7. Approval of the Minutes of the meeting.

BUSINESS AVIATION & CHARTER

The Financial Times proposes to publish a Survey on the above on

30th March 1989

For a full editorial synopsis and advertisement details, please contact:

Tim Kingham

on 01-248-8000 ext 3606 or write to him at:

Bracken House, 10 Cannon Street London EC4P 4BY.

FINANCIAL TIMES

INTERNATIONAL COMPANIES AND FINANCE

French steel group shows first profit in 14 years

By George Graham in Paris USINOR SACILOR, the French steel group, yesterday announced its first profits for

14 years.
Mr Francis Mer, the state-owned group's chairman, said net profits in 1988 were est. mated at FFr4.5hn (\$709m), after a loss of FFr5.6hn in 1987

and of FFr12.5bn in 1986. Mr Mer greeted the results with modesty since the upturn in demand for steel had brought an increase of around 7.5 per cent in both demand and prices. "I think we took slightly better advantage of market conditions than our competitors, but all steelma-kers profited," he said.

This year had started rela-tively well, Mr Mer said, and he expected results to be at

least as good as those recorded At some point, however, he

expected steel demand would inevitably decline from its current levels, which have left steelmakers in Europe unable

BSN alters

structure

management

By George Graham

BSN, the French foods group which is the world's leading

producer of dairy products, has reorganised its management structure, at the same time promoting Mr Georges Lecal-

lier to the position of executive vice chairman.

already widely viewed as a probable "dauphin" to BSN's 70 year-old chairman, Mr Antoine Riboud, will share the

tasks of chief executive with Mr Pierre Bonnet, deputy chief

In addition, BSN plans to

split the operational manage-ment structure of its main

accounted for FFr11.07bn of the group's total sales of FFr42.18bn (\$6.6bn) in 1988.

remain in charge of the inter-national activities of this divi-

sion, as well as of BSN's Far

East operations, but Mr Philippe Lenain will take over

European dairy product

Mr Clande Le Gonis will

Mr Lecallier, who was

to meet all their customers' sheet arm tripled to FFr1.77bn. requirements.
"There is no question of

increasing capacity," Mr Mer said, adding that when the market turned down he would argue for the reintroduction of a form of the EC production quotas system abandoned in July last year.

July last year.

Every area of the group's activities showed an improvement last year, with only the bar and rod product divisions—both carbon and special steels—still slightly in the The operating loss on carbon

bar and rod was cut to FFr60m, from FFr1.4bn the previous year, while the loss on special steel long products was reduced to FFr135m from FFr442m in 1987.

As in 1987, Sollac sheet products were the main source of earnings. Operating profits nearly quadrupled to FFri.2bn in this division. Profits from the stainless and special steel

Mr Mer announced that Usi-nor Sacilor plans to invest FFr650m in a new galvanising line at Sainte Agathe in the Lorraine region, designed to produce around 250,000 tonnes

a year of coated sheet for the car industry.

He said steelmakers had fallen behind their customers' demands for galvanised sheet, which was expected to rise from around 26 per cent of car-makers' sheet consumption in 1987 to 60 per cent by 1992.

Mr Robert Hndry, finance director, added that Usinor Sacilor's total debt had been reduced by around FF75hn

over the course of 1988 to some FFr22bn at year-end. Financial costs remained sta-hle at FFr3.06bn, but this included non-recurrent costs from efforts to reduce the group's long-term fixed interest rate debt. Financial costs in 1989 are expected to be closer to FFr2bn, he said.

Brazil plans \$3.57bn sale of state company assets

By John Barham in Sao Paulo

BRAZIL is planning a \$3.57bn sale of state company assets this year as part of a wider reform of its 200 debt ridden state companies.
The Planning Ministry,

which is responsible for economic strategy, says it will use the money to reinforce the state companies' \$15bn invest-ment budget this year. The sales will not reduce the

size of the public sector appre-ciably, since two-thirds of the funds will come from property sales and stock issues.

The Government is also preparing to loosen the controls over its larger companies,

while making senior manage-ment personally responsible for meeting performance tar-Companhia Vale do Rio Doce, a giant state mining concern, is the first company to submit a proposal to the Plan-ning Ministry, but the terms of

its performance targets are still confidential. Mr Antonino Trevisan, a former government official who

> BITHE MATTER OF. ITERS (WONCESTER) LINETE

REGISTERED OFFICE

Worcester WRI 3MA

Notice is bereby given pursuant to Section 48 of the Insolvency Act 1995, that a Meeting of Creditors of the above Company with be held at The London Chember of Commerce, 68 Centron Street, London ECA at 12 noon on Thursday 20th January 1998.

A torm of Proxy is enclosed and a creditor is entitled to vote only if he has sent to the Joint Administrative Receivers at Booth White & Co., 1 Wardrobe Pace, Carter Lane, London EGAY GAJ, not later than 25th Jenuary 1999 details in writing of the debt that be claims to be due to him from the Company and the claim has been duly admitted under the provisions of The Insertency Rules 1995 and there has been todged with the John Administrative Receivers any Proxy which the creditor intends to be used on his behalf.

Creditors whose claims are wholly secured are not entitled to attend or be represented at the Meeting. Creditors whose claims are partially secured should deduct the value of their Security from their total claims and they will only be allowed to vote on the uses-

N THE MATTER OF

devised the policy, said it could increase productivity by 20 per

State company asset sales were planned two years ago, but were impeded by bureancratic intrigue in Brasilia. An official said the Planning Ministry hoped to net \$1.32bn this year from selling off property, including office buildings, houses and farms owned by the companies.

A further \$1.35bn is to be raised on local capital markets.
The Ministry would not say what kind of paper it wanted to issue but the market suspects that most of it would be preferred stock or non-convert ible debentures, which would not reduce government control of the companies.

The sale also includes a long-dormant privatisation scheme, which is intended to yield \$900,000.

There is little enthusiasm in Brasilia for a complete sale of state companies, and congress is believed unlikely to approve a government proposal.

reports first sales rise since 1984

By John Wicks in Zurich

OERLIKON-BUHRLE, the Swiss industrial concern, yes-terday reported a 3.5 per cent growth in consolidated turn-over last year to SFr4.25hn (\$2.70hn), the first time sales have shown an increase since 1984 when they reached some SFT4.93bn.

The improvement took place despite divestment of a num-ber of subsidiaries as part of a restructuring programme.
Without these divestments,
turnover would have risen by

a further 4.5 per cent.
While the group will record
a further loss for 1988, the
Zurich-based parent OcriikonBührle Holding says the year
will show a "significant
improvement over the very
poor 1987 results."
Group losses had then

poor 1987 results."

Group losses had then amounted to SFr115.2m, following a loss of SFr89.8m for the previous year. The helding company last paid a dividend in respect of 1985.

A breakdown of turnover points to a gain of more than 12 per cent in the military products sector, where deliveries were "generally made on schedule."

schedule."

In the civilian products field, turnover fell due primarily to the divestment of further engineering companies.

• The Swiss Banking Commission has withdrawn the banking licence of Banca di Partecipazioni ed Investimenti of Lugano with immediate effect. The commission said the bank no longer met the requirements necessary for a continuation of business.

The Lugano bank was affili-ated to the Lebanese Al-Mashrek Group and had recently erged with the Geneva-base Banque Libanaise pour le Commerce Suisse.

The commission sent an observer to Lugano in November to ascertain whether the bank was affected by financial difficulties within the Al-Mashrek concern. The commission is under-

stood to have found that these had led to "liquidity bottle-necks" in the Lugano bank. This is, however, not known to be insolvent and in any case has few outside deposits.

Swiss group | Enimont offers 20% on Milan bourse

By Alan Friedman in Milan ENIMONT, the fiedgling Italian joint venture chemicals company that is controlled by the state-owned Enichem and by Mr Raul Gardini's Ferruzzi-Montedison group, is hoping to raise around L1,000bn (\$731m) by offering 20 per cent of its stock to investors on the Milan

The plan, which is being examined by senior executives at the ENI group, which con-trols Enichem, and at Ferruzzi, is expected to go forward before the summer.

Mr Sergio Cragnotti, an aide to Mr Gardini who has been appointed managing director of Enimont, said in Milan yesterday that he expected the joint venture to obtain a share listing on the Milan bourse this

When asked to confirm per-sistent reports that Enimont might seek to raise as much as Li.500bn from a share sale, lift Cragnotti said: "I don't think the amount will be higher than

L1.000bn."
Enimont combines the assets

of Enichem and most of the chemicals and related busi-nesses of Montedison and rep-resents Italy's attempt to achieve the critical mass needed to compete in the global chemicals sector. The venture is expected to have annual sales of around \$10bn.

10

annual sales of around \$100n.
In order to secure a share listing for Enimont this year, it will be necessary for Consob, the Italian stock market regulatory authority, to make an exception for the new company. Normally companies seeking a quotation must have a track record of at least three years- of audited balance

Among the merchant bank advisers that appear interested in either buying a direct equity stake in Enimont, or at least underwriting the share offer, are Morgan Stauley, Goldman Sachs, Frudential Bache, Mediobanca, Crediop and IMI. An executive involved in the Friencyt plan said the various Enimont plan said the various merchant banks were already prepared to buy the entire 20 per cent of equity to be offered.

Solvay ahead by 23%

By David Buchan in Brussels

group, yesterday announced a 13 per cent increase in sales and a 23 per cent rise in net earnings for 1988 compared with 1987 due to a broadlybased improvement led by its plastics sector.

Net profits rose to BFr14.96bn (\$384m) for last year, compared with BFrt2.17bn the year before on turnover which increased from BFr223.6bn to BFr252.6bn.

SOLVAY, the Belgian chemical it broke new records, with buoyant demand enabling substantial increases in sales. The company's other activities in alkalis, peroxygen products, and health products — both human and animal — also recorded sales increases.

The Solvay board haa approved an increase in capital expenditure this year to BFr26.5bn, up from BFr22hm last year, and increased research and development spending from BFr10.5hn to BFr11.5hn.

(1.7% ·

50

Same

In plastics, the company said

Vienna bank takes 51%

NEWISSUE Jan my31, 1989

Dated February 10, 1989

Landerbank of Vienna has acquired a majority shareholding of 51 per cent in BFZ Bank-finanz, winch is based in Zur-

BFZ is to raise its capital from SFr20m to SFr50m (\$31.8m), with just over SFr25m

OESTERREICHISCHE of the new shares to be purchased at issue price by the Austrian bank.

BFZ was set up only last April and is active primarily in the fields of portfolio manage-ment, securities and foreign exchange trading and private

LEGAL NOTICES

IN THE MATTER of

IN THE MATTER of CONNAUGHT MACMILLIAN PAPER LIMITED

NOTICE IS HEREBY OVEN, pursuant to Section 48(2) of the insolvency Act 1986, that a meeting of the unsecured creditors of the above named Company will be held of the offices of Cork Gutly, Shelley House, 3 Noble Street, London EC2V 7DQ at 11.00 and the Friday 28 February 1986 for the purpose of having lade before if a copy of the report propared by the Administrative Receivers Section 45 of the seid Act and, if fit appointing a Committee.

- (a) they have delivered to us at the address shown below, no later than 12.00 pm on Thursday 23 Fabruary 1989 written rmursuay as rapruary 1909 written details of the debt shy claim to be due at them from the Company, and their claims have been duly admitted under the provisions of fulls 3.11 of the Insolvency Rules 1996; and

Date: 24 January 1989 C J Hoghes and R M Addy Administrative Receivers Administrative
Cork Gully
Shelley House
3 Noble Street
London ECZY 7DQ

> IN THE MATTER OF THE INSOLVENCY ACT 1986 -and-IN THE MATTER OF CONNAUGHT PAPER SALES

LIMITED

NOTICE IS HEREBY OIVEN, pursuent to Section 49(2) of the Inschency Act 1986, that a meeting of the unsecured creditors of the above named Company will be held at the offices of Cork Gully, Shelley House, 3 Noble Street, London EC2V 7DC at 11.00 am on Friday 24 February 1999 for the purpose of having laid before it a copy of the report propared by the Administrative Recalvers under Section 48 of the said Art and its

(a) they have delivered to us at the address shown below, no later than 12.00 pm on Thursday 23 February 1986 written deaths of the qebits they claim to be due at them from the Company, and their

(b) there has been lodged with us any proxy which the creditor intends to be used on his behalf.

C J Hughes and R M Addy Administrative Receivers Cork Gully, Shelley House 3 Noble Street, London EG2V 7DQ

NOTICE OF APPOINTMENT OF ADMINISTRATIVE RECEIVER FOR NEWSPAPER OR LONDON GAZETTES METHERCOTT (CHEMISTS) LIMITED

Registered number: 777314
Former company name: None
Tradsing azma: Westbury Chemista, Westbury
Personal Discount Stores, Buv-Group Whole
sale Co, Westbury Beauty Salon
Nature of Business: Pharmacist and genera grocey or appointment of and 22 Date of appointment of administrate or appointment of administrate or administ

IN THE MATTER of THE INSOLVENCY ACT 1966 IN THE MATTER of E M AGENCIES LIMITED (In Receivership)

NOTICE IS HEREBY GIVEN, pursuant to Section 48(2) of the Insolvency Act 1905, that a meeting of the unsecured creditors of the above named company will be held at the citices of Cork Guily, Shefley House, 3 Noble Street, London ECZY 702 at 11.00 arm on Friday 26 February 1989 for the purpose of having leid before it a copy of the report prepared by the Administrative Receivers under Section 46 of the said Act and, if thought Rt, appointing a Committee.

(a) they have delivered to us at the address shown below, no later than 12.00 pm on Tharaday 23. February 1939 written details of the debts they claim to be due to them from the Company, and their claims have been duly admitted under the provisions of Pulse 3.11 of the Insol-vency Rules 1990; and

Date: 24 January 1989

SI THE MATTER of

M THE MATTER O

NOTICE IS HEREBY GIVEN, pursuant to Section 48(2) of the insolvency Act 1995, that a meeting of the unsecured creditors of the above named Company will be held at the offices of Cork Gully, Shelley House, 3 Noble Street, Losdon ECZV 7DQ at 11,00 art on Friday 24 February 1999 for the purpose of having leid before it a copy of the report prepared by the Administrative Receivers under Section 48 of the said Act and, Il thought fit, appointing a Committee,

(a) they have delivered to us at the address shown below, no later than 12.00 pm on Thursday 23 February 1989 written details of the debit they claim to be due to them from the Company, and their claims have been duly admitted under the provisions of Rule 3.11 of the Insol-vency Rules 1990; and

 there has been lodged with us any proxy which the creditor intends to be used on his behat!. C J Hughes and R M Addy Administrative Receivers

Cork Gutly Shelley House 3 Noble Street London EC2V 7DQ

JOHN TOOM & PARTHERS LIMITED

Registered number: 426049 Date of appointment of joint admireceivers: 20 January 1989 Name of person appointing the joint acn trative receivers: Barcleys Bank pic JOHN FREDERICK POWELL and IAN N CARRUTHERS THE MATTER OF

eard e IN THE MATTER of PAPER FOR PUBLISHING LIGHTED

NOTICE IS HEREBY GIVEN, pursuant to Section 45(2) of the Insolvency Act 1988, that a treeting of the unsecured creditors of the above named Company will be held at the offices of Cork Gutly, Shelley House, 3 Notice Street, London ECZV 7DG at 11:00 am on Friday 25 February 1989 for the purpose of having laid before it a copy of the report prepared by the Administrative Receivers under Section 45 of the said Act and, it thought the appointing a Committee.

Creditors are emitted to you it:

(a) they have delivered to us at the address shown below, no later than 12.00 pm on Thursday 23 February 1999 written deatis of the debts they claim at be due at them from the Company, and their claims have been tudy admitted under the provisions of Rule 3.11 of the insolvency Rules 1990; and

C J Hughes and R M Addy Administrative Receivers

Cork Guily Shelley House 2 Noble Street London ECZV 70Q

IN THE MATTER OF THE INSCLYENCY ACT

DI THE MATTER OF Q R MACHILLAN PAPER (MidLakda) Limited (in Receivership)

NOTICE IS MERCEY GIVEN, pursuant to Section 49(2) of the Insolvency Act 1996, that a meeting of the unsoured creditors of the above named Company will be hald at disciss of Cork Gathy, Shelley House, 3 Noble Street, London ECZY 7DG at 11.00am on Friday 24 February 1998 for the purpose of having ladd before a copy of the report prepared by the Administrative Receivers under Section 45 of the said Act and, if though fit, appointing a Committee. Creditors are entitled to vote it:

they have delivered to as at the address shown below, no later than 12,00pm on Thursday 25 February 1969 written details of the debts they relain to be due at them from the Company, and their claims here been duly semilited under the provisions of Rule 3,11 of the Insolvency Rules 1986; and

there has been lodged with us any proxy which the creditor intends at be used on his behalf. Dete: 24 January 1966

COMPANY NOTICE

U.S. MORTGAGE SECURITIES FUND

Societe d'Investissement A Capital Variable Luxembourg R.C. Luxembourg: B24 537 **Notice of Dividends**

share is to be paid on and after February 2nd, 1969 to shareholders against remittance of Coupon Ng. 2

IN THE MATTER OF THE

REGISTERED NO. 967882 TRADING ADDRESS AND

GRAND METROPOLITAN PLC

"Bonds") of Grand Metropolitan
PLC (the "Company") that the
Acquisition of Pilisbury took place
on 6th January, 1989 and
accordingly, with effect from that
date, the Conversion Price of the
Bonds is adjusted to 658p per
Ordinary share of 50p nominal
value ("Share"). Prior to this
adjustment, the Conversion Price
of the Bonds was 666p per Share.
This adjustment is made pursuant
to Clause 6(B)(v)(a) of the Trust
normal business hours on any

NOTICE is hereby given to the Company of 122,942,119 units of holders of the £100,000,000 400p each of 5.75 per cent. nominal 64 per cent. Subordinated Convertible Unsecured Loan Stock Convertible Boods due 2002 (the 1989 amounced on 4th October,

BRITARYS REGIONERATION FUND Registered Office: LUXEMSOURG, 14, ree Aldringen

NOTICE OF ANNUAL GENERAL MEETING OF SHAREHOLDERS The Annual General Meeting of Sharwholders of Britain's Regeneration Fund, Sloav will be held at its registered office at Lucentbourg, 14, rue Aldringen, on 10th February, 1999 at 14.00 p.m., for the purpose of considering and voting upon the following statters:

IN THE MATTER OF

REGISTERED OFFICE 37 Frier Street Worcester WR1 2NA

A fors of Proxy is enclosed and a creditor is entitled to vote only if he has sent to the Joint Administrative Receivers at Sooth White 8 Co., 1 Wardrobe Pisce, Carter Lass, Lundon EC49 64J., not later than 25th January 1909 details in writing of the debt that he claims to be due to him from the Company and the claim has been duly admitted under the provisions of The Issolvency Rules 1906 and there has been lodged with the Joint Administrative Receivers any Proxy which the creditor intends to be used on his behalf.

Creditors whose clustes are wholly secured are not entitled to attend or be represented at the Meeting. Creditors whose claims are partially secured should deduct the value of their Security from their total otatin and they will only be allowed to vote on the unsecured portion of their claims.

COMPANY NOTICES

"Bonds") of Grand Metropolitan 1988.

1. To hear and accept:

a) the management report of the directors

b) the report of the independent suddor

To approve the blance sheet and profit and loss account and to allocate the set profit as at 30% September, 1988.

To discharge the directors with respect to their performance of duties during the year ended 30% September, 1988.

To sheet the directors to serve until the next annual general meeting of shareholders.

The shareholders are advised that no quorum for the general meeting is required and that decisions will be taken at the majority of the shares present or represented at the The Board of Directors

Signed 12th Juneary 1959 C.G. WISEJAN JOINT ADMINISTRATIVE RECEIVER

£100,000,000 nominal 6% per cent. Subordinated Convertible Bonds due 2002

STATIONERY PRINT LIMITED (IN RECEIVERSHIP)

Adjustment of Conversion Price

DESIGN INDUSTRY to Clause 6(B)(v)(a) of the Trust normal business hours on any Deed constituting the Bonds and weekday (Saturdays and public following the rights issue by the holidays excepted). The Financial Times proposes to publish this survey on:

Alison Barnard on 01-248 8000 ext 4148

FannieMae \$900,000,000 9.75% Indexed Sinking **Fund Debentures.**

> Interest payable on outstar and seminanually thereafte Cusip No. 313586 C56 Price 99.875%

Series SF-1999-A

Beginning on February 10, 1963 and on each interest Payment Date thereafter until the Debentures have been paid in full. Fannie Mae will redeem, as a mandatory sinking fund redemption, a pro rate portion of each Debenture. The aggregate principal amount to be redeemed on each auch date will vary, will be determined as set forth in the Supplement to Guide to Debt Securities information statement, and may be none in certain cases. Fannie Mae has no optional redemption rights with respect to the Debentures. February 10, 1999 is the Maturity Date, but payment in full of Debentures may occur prior to the Meturity Date as a result of the redemptions on Interest Payment Dates. The Debentures are the obligations of the Federal National Mortgage Association, a corporation organized under the laws of the United States. The Debentures, together with interest thereon, are not guaranteed by the United States and do not constitute a debt or obligation of the United States or of any agency or instrumentality thereof other than Fannic Mae. The Debentures will be available in Book-Entry form only.

This offering was made by the Federal Nettonal Mortgage Association through a special Selling Group of recognized dealers in accurities. Linda K. Knight Vice President and Assistant Tregories

INTERNATIONAL

22ad February 1989 For a full editorial synopsis and advertisement details, please

or write to her ar: Bracken House 10 Chanca Street London EC4P 4BY

FINANCIAL TIMES



Mitsubishi Bank of Australia Limited A\$50,000,000

Interest payable on 28th April, 1989 will amount to A\$1,867.62 per A\$50,000 Note.

3900 Wisconsin Avenue, N.W., Washington, O.C. 20016-2002 This announcement appears as a matter of record only. This announcement is neither an offer to self nor a solicitation of an offer to buy any of the Debentures.

COMPANY NOTICE

Floating Rate Notes due 1991 Notice is hereby given that for the three months interest period from 31st January, 1989 to 28th April, 1989 the Notes will carry an Interest Rate of 15.6708% per annum.

> The Mitsubishi Bank, Limited London Branch Agent Bank

rs 20%

The second second

Acs 510

35.

EBRUARY 2 1%

INTERNATIONAL COMPANIES AND FINANCE

NZ commission probes Equiticorp trading

By Dai Hayward In Weilington

THE NEW ZEALAND revealed any untoward activSecurities Commission is ity, but Mr Patterson said it investigating sales of Equition was difficult to track down corp international shares in sellers, and the investigation the days ahead of the companies for was continuing pany's announcement last He added that the commismouth that it was going into some would welcome contact the legal framework so the receivers could decide "who had security ones what"

month that it was going into provisional liquidation.

Mr Coim Patterson, the commission chairman, said. "We some standard dealings in the UK, where it held control ling 61 per cent stakes in GPG and Guinness Mahon Holdings, the financial services groups.

A study of stock exchange transactions has not yet

receivers could decide "who had security over what."

So far they had not had much success, said Mr Watson. He was also talking to poten-tial buyers for NZ Steel, the privatised steelmaker controlled by Equiticorp. Interest had been expressed for other Equiticorp assets as well. Meanwhile the receivers are

working on in-house accounts

prepared up to the end of Novsmber. Although these have not been made public, it has been reported locally that the balance sheet to last Angust showed that Equiticorp had borrowings of NZ\$2.9bn (US\$1.75bn). Banks were said to be owed

NZ\$1.7bn while NZ\$740m was in secured debenture stock and NZ\$120m in preference shares, with other borrowings totalling

The accounts were prepared by Deloitte Haskins and Sells, the international accounting firm, in its Hong Kong office

and presented to Equiticorp's bankers last November, according to the National Business Review, a leading New Zealand financial publication.

They suggest the deficit on shareholders' funds could be more than NZ\$700m. The accounts apparently include proceeds from the sale of the company's Feltrax manufacturing subsidiary, although the deal was not finalised until

three weeks ago.
The balance sheet includes
NZ\$568m in goodwill and
NZ\$123m of loans to the Equiticorp staff share purchase trust.

City Resources and Poseidon draw bids

per cent with purchases at A\$2.60. Normandy has just over 20 per cent, and has made over 20 per cent, and has made a complex unconditional offer ests in two City Resources pro-of cash and redeemable jects with the aim of bringing

One complication is that

One complication is that

Poseidon has announced a go ahead after a review by Barplanned merger, with Fraeport rack of City's operations and McMoRan Australia, a subsid-

Record earnings pave the way for Iscor sell-off By Anthony Robinson In Johannesburg

TAKEOVER ACTIVITY: has continued in Australia's in defensive move apparently designed to till up control.

Another complication has been the entry of Western Minding Corporation, which last week disclosed it held 6.4 per cant of Poseidon and said it would accept Normandy's offer.

Abeles, has confirmed that it is bidding A\$2.60 a share for Poseidon, which is already subject to a takeover offer from Normandy Resources, control of City Opment, control of City Normandy Resources is to pass to Barrack Resources is to pass to Barrack Resources is to pass to Barrack Resources in Poseidon last month, offering A\$2.45 a share, and last week lifted its stake above 16 will inject A\$7.6m (US\$6.8m) into the cash-strapped City Resources through one of its subsidiaries, and acquire inter-

one rapidly into production.

UK ECONOMIC INDICATORS

106.5 108.5 26.1 103.3 268. 2.60 202.1

108.4 111.8 30.8 136.3 173.3 2,406 248.9 110.1 112.8 31.2 107.8 101.2 2,304 256.2 111.2 116.3 31.4 130.2 130.8 2,206 246.9 108.5 111.6 31.7 136.4 175.1 2,404 340.4 108.5 112.0 31.8 136.3 136.4 2,405 266.9 178.2 113.8 31.3 137.7 136.5 2,304 266.5 110.5 113.3 31.2 137.7 136.5 2,304 266.5 110.5 113.3 31.2 137.7 136.5 2,304 256.5 110.5 113.3 31.2 137.7 136.5 2,304 256.5 110.5 113.3 31.2 137.7 136.5 2,304 256.5 110.5 113.3 31.2 137.7 136.5 2,304 256.5 110.5 113.3 31.2 137.7 136.5 2,305 256.7 111.7 136.5 31.7 140.8 136.4 236.7 246.7 246.7 111.1 136.5 31.7 140.8 136.5 2,152 240.5 240.5 111.7 136.5 31.7 141.2 136.7 2,136 201.2 140.8 140.3 2,136 201.2 140.3 230.3 230.3

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EXTERNAL TRADE- indices of export and import volume (1985-100); visible belance; current belance (Em); oil belance (Em); terms of trade (1986-100); official reserves.

108.0 169.2 115.2 109.8 109.8 110.9 110.9 110.8 110.8 116.8 116.8

ECONOMIC ACTIVITY- Indices of Industrial production, magnificativing curput (1985—100); engineering orders (f. billion); retail sales volume (1980—100), retail sales value (1980—100), registered unemployment (excluding school leavers) and untilled vacancies (000s). All seasonally adjusted.

17.5

19.8 20.4 21.8 21.0 19.5 23.5 20.5 20.5 20.1 19.6

National Bank of Kuwait lifts net profits by 16%

NATIONAL Bank of Kuwait

Total assets, excluding contras, increased 15 per cent to KD3.47bn (\$12.1bn). Year-end contra accounts — consisting of active commercial business, such as letters of credit and

guarantees - were more than

44 per cent up at KD913m. Loans and advances, net of

(NBK), the country's largest commercial bank, increased 1988 net profits by 16 per cent to KD30.9m (\$107.5m). ISCOR, South Africa's state The bank's international operations, particularly in New York, London and Singapore, contributed more than half the

profits

ISCOR, South Africa's state iron and steel corporation which is being prepared for privatisation, has reported record pre-tax profits of R274m (\$114m) for the year to last June, up from R75m, on sharply higher turnover of R4.61bn against R3.94bn.

The result, helped by a 13.9 per cent rise in domestic sales and higher export prices, led to a resumption of income tax payments to the government for the first time since 1972. This follows the elimination of This follows the elimination of previous accumulated losses. The company has now estab-lished a five-year profit record, paving the way for a sale. Investment projects worth RI.45hn are in train, including

raising the capacity of Iscor's Grootegeluk coal mine.

Net profits for the group as
a whole rose to R249m from

Mr Nemeh Sabbagh, the bank's general manager, said: "Our strategy has been to ensure that whatever business is generated internationally is directed towards widening our customer base in Kuwait and the Arab region. In New York, for example, we are doing a lot of business both as a clearing house and raising large loans for borrowers in the Arab world."

In London, the bank financed the purchase last year from the Kuwait Government of the Churchill Hotel in Portman Square on behalf of Hong Kong's Park Lane group. It also has the mandate to sell Rome's Sheraton Hotel. Within Kuwait, the bank has

provisions, were 18.3 per cent higher at KD1.55bn; deposits were similarly up to KD3.2bn. Shareholders' equity increased by KD19.1m to KD255.5m. profited from growing consumer finance operations.

According to Mr Sabbagh, "we are taking advantage of our leading position in the market to effectively manage the liability side of our balance sheet." NBK is the only one of

INTERNATIONAL APPOINTMENTS

Knwait's six commercial banks not to need or receive government support. Its balance sheet is one of the region's cleanest.

General Motors woos manager from Toyota

appointed Mr Jim Perkins to the Chevrolet division, where he is expected to become gen-eral manager in July when the

appointed Mr Jim Perkins to its Chevrolet division, where he is expected to become general manager in July when the present general manager, Mr Robert Burger, retires, write our financial staff.

Mr Perkins was US general manager of Toyota Motor's Lexus luxury car division.

Toyota has named Mr J.; David Illingworth to replace Mr Perkins. He has been with. Mr Perkins, He has been with Toyota since 1980, and led the, it depended on Toyota's strat-team which created Lexus. egy of marketing the car.

an offer he could not refuse by

GM, where he worked for 20

years before joining Toyota in

1984. He said major changes
were made in the Chevrolet

Mr retains stepart
as a surprise within try, since Toyota's Le
slon is only eight mon
from launching its firm
in the United States.

GENERAL MOTORS has organisation in the four years

Toyota's Lexus model, saying

egy of marketing the car. Mr Perkins' departure came as a surprise within the indus-try, since Toyota's Lexus divi-sion is only eight months away from launching its first models

appointed for USX

Chairman

USX, the Pittsburgh-based industrial group which is the largest US steel producer, has appointed Mr Charles Corry chairman and chief executive. Tha appointment will take effect on June 1, writes Karen Zagor in New York.

Mr Corry, 56, replaces Mr David Roderick who will retire ou May 31 at the age of 65. Mr Roderick, who has held the post since 1979, uursed the company through its transitiou and unprofitable steel giant, to USX, a more streamlined and diversified company.

TEXACO is to appoint Mr Charles H. Price to its board when he completes his present post as US Ambassador to the UK in March. Also joining the board is Mr John Brademas, president of New York Univer-

* * * * *
THE US aerospace group,
United Technologies, has promoted two senior corporate

executives to new posts with expanded responsibilities. Mr Arthur E. Wegner, for-mer United Technologies senior vice president and presi-dent of its Pratt and Whitney unit, was named executive vice president and president. Aero-space/Defence. Mr George A. L. David, former senior vice presi-dent and president of Otis Elevator, was named a United Technologies executive vice president and president, Commercial/Industrial.

CANON, the Japanese camera maker, has promoted Mr Keizo Yamaji, executive vice president, to be president from March 30. Mr Yamaji will succeed Mr Ryuzaburo Kaku, who will become chairman.

HILL SAMUEL BANK has appointed Mr Ian Hawker as vice president and underwriter of its international financial reinsurance subsidiary Independent Programme P pendence Insurance, based in Bermuda. Mr Hawker was formerly the North American Treaty underwriter with Excess Insurance.

SAINT-GOBAIN

1988 NET PROFITS - PRELIMINARIES **4 BILLION FRENCH FRANCS**

1988 has been another good year for the Saint-Gobain Group. Preliminary results show that the consolidated operating profit has increased by 22% and that consolidated profit attributable to the Group Shareholders has increased by 60%. Excluding gains on useets disposal after tax, this profit shows an increase of 45%.

The rapid increase in the last few years in the Group's productivity has enabled it to benefit from favourable conditions in the countries where it is based and its principal market sectors, notably the construction industry, the automobile industry and packaging.

The main event for the Group in 1988 was the transfer to Compagnie Genérale des Eaux of the larger part of the contracting and public works division in order to enable the Group to concentrate on its industrial activities. This division, whose 1988 results are not included in the figures given below, had a significant turnover and workforce but only a marginal contribution to the results of the Group.

At the same time, the Group has significantly increased its acquisition programme, both by buying in minority interests in significant subsidiaries and by acquiring shares, often representing a majority, in companies whose activities are complementary to the activities of the Group. These developments, taken as a whole, have altered the Group's profile. The consolidated accounts for (987 have therefore been restated, excluding the contracting and public works division, in order to allow comparison with 1988. The table set out below summarizes the principal information:

| French Francs (Millions) | 1988 (preliminary) | 1987 (restated) | 1987 |
|-----------------------------------|-----------------------|--------------------|----------------|
| NET SALES | 59 000 | 54 603 | 78 887 |
| OPERATING PROFIT | S 000 | 7 2t9 | 7 507 |
| NET INCOME BEFORE MINORITY | | | |
| INTERESTS AND EXTRAORDINARY ITEMS | 6 450 | 5 287 | 5 1 <i>5</i> 8 |
| NET INCOME BEFORE MINORITY | | | |
| (NTERESTS | 5 100 | 3 489 | 3 642 |
| NET INCOME | 4 000 | 2 523 | 2523 |
| NET INCOME EXCLUDING GAINS | | | |
| ON ASSET DISPOSALS | 3 100 | 2 128 | 2 128 |
| CASH FLOW | 7 100 | 6 207 | 6 855 |
| INDUSTRIAL INVESTMENTS | 5 800 | 3 530 | 4 253 |
| INVESTMENTS IN SHARES | 7 400 | 2 005 | 2 084 |

The reduction in turnover is a result of the elimination of the contracting and public works division and Saunier Duvai Eau Chaude-Chauffage, decrease partly offset by bringing into the consolidation a number of medium sized companies. On a comparable basis, sales have increased by 7% in French francs and by 13% in local currencies. The breakdown of sales is a follows: domestic French market 33%, exports from France 12%, other European countries 34%, including West Germany 15%, North and South America 21%.

The operating profit takes account of 3 150 billion french francs of depreciation and amortisation (up 8%) and provisions of 750 million francs (up 30%). It has been calculated, in the current year, before financial charges and results on exchange.

The profit of associated companies is calculated after financial charges (1 220 million french francs) which show a slight reduction by comparison with the previous year, and reorganisation costs (500 million french francs), which are considerably less than the figures for previous years. This reorganisation costs reduction represents a progressive industrial re-organisation over several years.

The net profit of the Group, takes account, in 1983, of asset disposals (1 180 million french francs), a considerably higher figure than normal, mainly due to the sale of Saunier Duval Eau Chaude-Chauffage which represents half the total figure. It also takes account of a provision for tax of 2 500 million french francs, an increase of 25% on

The net profit attributable to the Group shareholders (up 60%) is calculated after deduction of minority interests (accounting for 1 070 million french francs). Excluding gains on asset disposals, this net figure represents approximately 3 100 million french francs (up 45%).

On the basis of the total number of outstanding shares (55 398 710) this net profit represents carnings per share of approximately 72 francs as against 57 francs in 1987, (excluding gains on sales of assets, the earnings per share is approximately 56 francs as against 48 francs in 1987).

Industrial investments which have increased by more than 60% by virtue of significant renewal programmes or factory construction programmes, have been mainly funded out of each flow which has shown a positive increase of 14%. Added to that in 1988 investments in shares have increased 3.5 times. This, increase is represented particularly by buying-in minority interests in formerly majority-held subsidiaries.

The financing of these investments has been fully covered by funds from operations, sales of assets and increases in share capital effected to 1988.

In summary, shareholders equity, after the increase in capital effected at the end of the period and deduction of a full provision for retirement pension, is approximately 25 billion francs as compared with 19 billion francs at the end of 1987 and 13 billion francs at the end of 1985. The net indebtedness of the Group has been stabilised at

A review of the divisions of the Group shows a continued high level of activity and a further increase in the profits of the Flat Glass and Containers divisions. Three other divisions considerably increased their results: Pipes and Machinery. fibre Reinforcements and Paper-Wood. Industrial Ceramics, which has expanded significantly, maintained its good performance. Building Materials supplemented by activities previously accounted for in the Insulation division, has increased slightly. Only the Insulation division has had lower profits than in the previous year and this is substantially attributable to a sales drive in the United States.

Taken by geographical area the net profit represents 30% in France, 40% in other European countries and 30% in North and South America. Overall therefore in 1988, the Group has improved its technical and market positions as well as its financial structure. Budgets for 1989 anticipate maintaining a good level of activity and the consolidation of the increase in profitability seen in 1988.

COMPAGNIE DE SAINT-GOBAIN CORPORATE FINANCE AND INVESTOR RELATIONS DEPARTMENT

ANNOUNCEMENT.

ANGLOVAAL LIMITED (Incorporated in the Republic of South Africa) ("Anglovani") Registration Number 05/04580/06

NORTH SEA & GENERAL PLC

Anglovani has entered into a conditional agreement to purchase from Apex Securities Limited ("Apex"), Perth, Western Anstralia, 23 226 520 of the 27 500 000 ordinary shares currently held by Apex in North Sea & General PLC ("NSG"), together with £2,5 million 10% convertible unsecured loan stock 1992 of NSG. The purchase consideration for the shares - representing 29,9% of the currently issued ordinary share capital in NSG - is £13 006 851. The purchase consideration for the loan stock - which could, at Anglovaal's option, be converted into 5 000 000 ordinary shares in NSG - is £2 500 000. Anglovaal has also entered into an agreement with a third party to acquire an additional £1,0 million 10% convertible unsecured loan stock 1992 of NSG for a purchase consideration of £1 020 000.

The purchase agreement with Apex is subject to several conditions precedent - all of which have to be fulfilled at the latest by 13 March 1989.

NSG is a resource company, based in London, with interests in certain industrial mineral operations and projects in the United Kingdom and in gold exploration and production activities in Australia- Anglovaal will make its technical expertise available to NSG to assist the expansion of NSG's mining and mining related activities worldwide. Anglovaal will offer NSG, in preference to any other party, all new mineral investment propositions outside Southern Africa of which it becomes aware and considers attractive. NSG's shares are listed in London and Australia.

Apex intends to retain a significant shareholding in NSG with continuing board representation. Anglovaal has nominated one of its executive directors and two of its senior managers to be appointed as directors of NSG.

Johannesburg 1 February 1989

12.00

74.9

75.9 77.8 77.9 77.9 76.2 76.3 75.6 76.5 76.3 77.1 78.9

ANNOUNCEMENT ANGLOVAAL LIMITED

LAYING SOUTH AFRICA (PROPRIETARY) LIMITED

Anglovaal has contracted to acquire, from Applied Industrial Minerals Corporation of the U.S.A., 100% of the issued share capital in Lavino South Africa (Proprietary) Limited for a consideration of

Lavino South Africa (Proprietary) Limited is a producer of hard lumpy and beneficiated chrome ores for sale - locally and overseas - to the metallurgical, chemical and foundry industries.

Johannesburg 1 February 1989

HALIFAX

BUILDING SOCIETY £150,000,000 Floating Rate Loan Notes Due 1996 (Series A)

13.205% Stat Jerusny 1949 200 February 1949

MANAGEMENT EDUCATION & DEVELOPMENT The Financial Times proposes to publish a Survey on the above

Tuesday March 28th 1989

For a full editorial synopsis and advertisement details, please contact:

Jacqueline Keegan

on 01-248-8000 ext 3740 or write to her at: Bracken House, 10 Cannon Street London EC4P 4BY.

FINANCIAL TIMES

TEESSIDE The Financial Times proposes to publish a Survey on the above on 21st March 1989

For a full editorial synopsis and advertisement details, please contact:

on 0532 454969 Fax: 0532 423516 or write to him at: Permanent House, The Headrow, Leeds LS1 SDF.

FINANCIALTIMES

To the Holders of

COLLATERALIZED MORTGAGE OBLIGATION TRUST TWEITY-TIREE

Class A Floating Rate Bonds Due May 1, 2017

Pursuant to the Indenture dated as of March 11, 1987 between Collateralized Mortgage Obligation Trust Twenty-Three and Texas Commerce Bank as Trustee, notice is hereby given that the interest rate applicable to the above Bonds for the interest period from February 1, 1989 through April 30, 1989 as determined in accordance with the applicable provisions of the Indenture, is 9.775% per annum.

COLLATERALIZED MORTGAGE OBLIGATION TRUST

To the Holders of

COLLATERALIZED MORTGAGE OBLIGATION TRUST EIGHTEEN

Class A-1 Floating Rate Bonds Due February 1, 2017

Pursuant to the Indenture dated as of November 26, 1986 between Collateralized Mortgage Obligation Trust Eighteen and Texas Commerce Bank as Trustee, notice is hereby given that the interest rate applicable to the above Bonds for the interest period from February 1, 1989 through April 30, 1989 as determined in accordance with the applicable provisions of the Indeoture, is 9.875% per annum.

COLLATERALIZED MORTGAGE OBLIGATION TRUST EIGHTEEN

109.2 119.5 3.281 4.384 4.385
111.8 120.8 3.286 4.688 1.673
109.2 117.1 4.674 4.635 4.666
110.2 136.2 4.733 5.734 5.73
109.9 127.2 4.281 5.651 4.01
107.8 115.7 1.024 5.74 4.22
113.0 129.3 1.237 4.68 +300
107.7 129.4 1.731 1.128 4.22
117.8 129.2 4.572 4.673 +152
107.8 144.9 2.811 1.805 +70
104.5 139.2 4.572 4.165 +70
104.5 139.2 4.572 4.165 +70
104.5 139.2 4.572 4.165 +70
104.5 139.3 1.805 1.706 7.73
112.8 133.8 1.806 3.837 +100
107.9 142.4 6.728 2.328 +00
107.9 142.4 6.728 2.328 +00
112.8 136.0 1.667 1.267 7.165 97.5 44.54 96.5 44.52 96.1 56.40 97.5 91.67 96.2 47.86 96.2 47.86 96.7 48.53 96.8 48.23 96.8 48.23 96.8 48.23 97.5 56.64 97.5 57.64 97.5 57.64 97.5 57.64 to Epifes and the Page of the 翼性 二二 eler Ministra 21.2 + 12.963 19.7 + 15.348 21.5 + 15.749 20.6 + 3.624 19.7 + 6.644 18.9 + 5.729 20.5 + 5.129 21.1 + 6.120 20.6 + 2.367 20.7 + 5.865 19.0 + 4.218 28.4 + 3.201 \$2 20.9 \$8 20.9 7.7 17.1 \$.5 20.9 \$.1 21.5 \$.4 20.0 7.2 18.6 \$.6 18.1 7.6 15.8 \$.5 17.4 7.7 18.7 7.7 18.7 2,087 +1,885 4,173 +1,044 2,162 +1,187 1,658 +281 1,578 +281 1,558 +285 1,259 +488 1,062 +286 1,179 +816 621 +282 1,183 +62 768 +482 8.80 12.00 8.80 7.60 7.60 10.50 12.60 12.60 12.00 13.00 The second secon BNFLATION-indices of earnings (1985—100); basic materials and fuels; wholesale prices of manufactured products (1985—100); recall prices and fuel products (1985—100); reade weighted value of sterling (1975—100) 200.6 103.2 111.0 101.7 101.5 111.0 101.7 101.5 112.5 101.2 104.8 104.7 115.2 104.8 104.7 115.2 104.8 104.7 115.9 104.2 104.7 113.9 104.8 104.8 104.8 114.3 104.4 104.8 114.3 104.4 104.8 114.3 104.4 104.8 114.3 104.4 104.8 114.3 104.4 104.8 114.3 104.4 104.8 114.3 104.4 104.8 114.3 104.4 104.8 114.3 104.4 104.8 114.3 104.4 104.8 114.3 104.4 104.8 114.3 104.4 104.8 114.3 104.8 104.8 115.2 110.0 105.7 115.4 110.3 106.8 121.8 91.8 124.8 97.8 127.5 94.8 194.2 96.3 124.1 97.7 125.9 94.8 126.8 94.8 127.3 94.8 127.3 94.8 127.3 94.8 127.3 94.8 127.3 94.8 127.3 94.8 127.3 94.8 1,747 1,817 1,902 1,987 1,778 1,978 1,978 1,978 1,973 1,873 1,874 1,346 1,921

The reward for listening carefully and responding Luz Solar Partners, Ltd. VI quickly. HOUSEHOLD & COMMERCIAL \$74,200,000 British Airways Plc HOUSEHOLD & COMMERCIAL Committing Capital to our customers' vision. We're four divisions pro-Household Commercial At Household Commercial, viding equipment finance, Committing capital to our we listen carefully to each customers vision. of our customers. We are vendor finance, specialty and acquisition finance, committed to providingand real estate finance. innovation and special-HOUSEHOLD 77 COMMERCIAL We're an important unit of ized assistance to our.

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the transaction.

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50070 U.S.A.

22 December 1988



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ISSUE PRICE: 100 PER CENT.

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WESTDEUTSCHE LANDESBANK GIROZENTRALE

SWISS BANK

INTERNATIONAL WESTMINSTER BANK PLC

BANQUE SUDAMERIS

BANCO PROVINCIAL OVERSEAS N V

CORPORATION

INTERNATIONAL CAPITAL MARKETS

Abbey issue highlights inroads by Japanese

By Andrew Freeman

THE AWARD of a Eurobond mandate yesterday by a UK building society to a Japanese issuing house highlighted the inroads being made into areas of the market traditionally dominated burgers and

American houses.
On an otherwise unexciting day, bidding for a US dollar issue of a maturity of between three and five years by Kellog was the main distraction for underwriters. News of that

deal is expected today.

Abbey National came to the market for the third time this year, launching a US\$200m five-year bond via Nomura International The bonds carry a 9% per cent coupon and were priced at launch to yield 58 basis points over the bench-mark five-year US Treasury. By the close of trading, the

paper was quoted on fees at less 1% bid. Several traders said that the lead manager was supporting the grey market price, but as the bulk of the bonds had been pre-sold in Japan this had little signifi-

Building societies are not allowed to take currency mis-matches on to their books, so the issue proceeds were swapped into floating-rate sterling. Based on yesterday's swap rates, the borrower is likely to have achieved a funding rate equal to or below London interbank offered rates.

Berrower US DOLLARS

SWISS FRANCS

US DOLLAR

Brit, 7cl. Fin. 91, 98.,... Canada 9 96..... Canada Pac 10 1, 93... C.C.C. F. 91. 95

Nomura's appointment to the deal was not controversial, although officials were delighted to win the business. It is understood that Abbay

INTERNATIONAL BONDS

National was approached with an offer which it accepted and other houses were not invited to bid for the deal.

to bid for the deal

Nor was this the first time a
Japanese house has been lead
manager for Abbey National —
Daiwa launched an Abbey
Euro-yen deal last year.
Equally, Nomura has previously done issues for UK borrowers BP and Sainsbury.
However there was com-

rowers BP and Sainsbury.

However, there was comment in the market that the Japanese houses are currently in a position where they can increase their fixed-rate issue market share by exploiting the goodwill they have earned from their profitable equity warrant deals. "You can't argue with all those issues which are trading at which are trading at healthy premiums," said

one trader Elsewhere, Morgan Stanley International was the lead manager for a \$125m 10-year issue for Finnish Export Credit. The bonds carry a 10 per cent courses and see cells. per cent coupon and are calla-ble at par on March 2, 1992.

NEW INTERNATIONAL BOND ISSUES

FT INTERNATIONAL BOND SERVICE

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The bonds were priced at launch to yield 78 basis points over the equivalent US Treasury and were quoted by the lead manager at less 2 hid, on full fees of 2 per cent. The proceeds were swapped into float-ing-rate US dollars.

mgrate US dollars.
Like the Abbey National deal, the issue was simed at identified demand in Japan where some three-quarters of the deal was placed. Japanese investors have an undiminished appetite for the

higher coupons attached to callable bonds. A comparable non-callable issue would have a coupon of around 9% per

a coupon of around 9% per cent.

Some segments of the market have been looking decidedly congested this week, with plain vanilla doilar deals starting to dry up as swap opportunities have retreated.

D.Mark, Swiss franc and Ecu bonds are subdued by depressed domestic market conditions, while popular currencies like Canadian dollars are still suffering twinges of indigestion from January's heavy issue volume.

heavy issue volume. Securities houses are concenrating on areas where they feel confident that they have the placement power to ensure an issue's success. The market can expect more callable US dollar deals, but most of the paper will continue to go to Tokyo.

11/5 Benco di Rome

Closing prices on February I.

Change on.

Tournel Bild Offer day week Yield

55 102 h 102 -012 -024 4.82

45 9812 982 -024 -024 5.00

80 9812 982 -024 -024 4.92

20 1004 1001 -024 -024 4.92

30 1003 1004 -024 -024 4.92

50 1024 1024 -024 0 4.88

50 982 991 -024 0 4.88

50 1022 1022 -024 0 4.89

50 1022 1023 -024 0 4.99

00 day -014 on week -014

first lire **Eurobond** By Norma Cohen

Soviets

launch

VNESHECONOMBANK, the Soviet bank for foreign eco-nomic affairs, demonstrating its growing mastery of West-ern capital-raising techniques, has launched the country's

has launched the country's first-ever lire Eurobond.

The L75hn Eurobond, lead managed by Banco di Roma, has a five-year maturity, a coupon of 124 per cent and is priced at 101% per cent. Proceeds of the bond were swapped into floating-rate US dollars at a margh believed to be below London interbank offered rates. The issue is the offered rates. The issue is the third Eurolire bond to be launched in 1969. Banco di Roma said buyers

of the Eurolire bonds are of the Eurolire bonds are likely to be based outside Raly because domestic investors will be hit by a 30 per cent withholding tax on interest payments. The only Eurolire bonds not subject to withholding tax are those of a handful of supranational borrowers including the World Rank.

of supranational borrowers including the World Bank. In 1988, Vnesheconombank demonstrated its growing acceptance among Western financial institutions by issuing Eurobonds in D-Marks and Swiss francs. The bank also established itself in short-term markets via a \$250m Eurocommercial paper and certifi-cate of deposit programme. While the bank is the Soviet

Union's sale vehicle for raising funds in foreign capital mar-kets, direct loans to the coun-try from Western banks have also increased substantially. International banks in the

16 countries that report to the Bank for International Settlements increased their lending to the Soviet Union in the first half of 1988 by about \$4bn. Most of that was in the form of short-term credits, believed to be trade financing.

Call money system for South Korea

By Maggle Ford in Secul

BANKS and financial institutions in South Korea are to have access to a modern call money market from March, the Ministry of Finance has announced. The call market, in which 16

investment and financing companies are to act as brokers, will replace the existing strictly regulated method of matching short-term funds. cial bank representatives meet after lunch every day under

the supervision of the Bank of Korea, the central bank. The new money market will operate by telephone and computer throughout the day and more than 240 banks and other financial institutions will have access to it.

7.32

will have access to it.

Brokers will be allowed to charge competitive commissions up to a ceiling of W100 per W100m per day and interest rates are expected to fluctuate in line with market liquidity. Brokers will not be allowed to operate on their own account.

own account. . The announcment was well comed yesterday by foreign bankers who have long urged the Government to set up a functioning interbank market No announcement has been made about access to licences for foreign banks to operate in the new market.

But the move is regarded as a positive sign that the Gov-ernment plans to proceed with the modernisation of the financial system despite the difficulties caused by many years of government control

Last year's attempt to deregulate interest rates has resulted so far in little change and no apparent competition between banks, suggesting that hank managements. that bank managements a still reluctant to take risks.

Nomura to start broker network

NOMURA Securities' research arm plans to start a network service between brokers in Japan and Britain. Nomura said the service would be the first since the governments of the two nations agreed in May 1988 to allow such networks. Nomura expects approval for the service from Japan's Ministry of Posts and Telecom-munications by the end of this nouth. The service will enable brokers to transmit securities business information between Japan and Britain.

Thais lift borrowing

THAILAND will raise the THAILAND will raise the annual ceiling on new public sector foreign borrowing to \$1.2bm from 51bm for the times years ending September, 1992, Reuter reports. An official said the decision was based on the need to build infrastructure for Thailand's fast expanding comments.

INTERNATIONAL CAPITAL MARKETS

US Treasuries slip

By Janet Bush in New York and Katherine Cambell

EBSI-15Y2 18

St. Comments

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December 40 At midsession, long-dated maturities were quoted as

BONDS

mark long bond rose to 8.54 per cent. Trading was very quiet The dollar failed to derive support from the 0.6 per cent rise in leading indicators; which compared with forecasts of a 0.5 per cent gain, as deal-ers concentrated on taking profits on the dollar's conside able climb recently ahead of the Group of Seven meeting in

Washington tomorrow.

At the New York midsession. the dollar was quoted at Y129.60 compared with an earlier high of Y130.65 and at DM1.8645 from DM1.8795 ear-lier. It was the dollar's week-ness which weighed on bonds more than the leading indicators, according to bond traders.
Losses in the bond market were limited yesterday morn-

ing as dealers waited for the Treasury's appointment of the make-up of the quarterly refunding later this month. There has been some nervous-ness about the size of the 30year bond anction which has kept the long-end of the yield curve on the defensive.

US TREASURY bonds slipped amouncement, the market will modestly in cautious morning turn its interest to tomorrow's trading yesterday, reflecting a memployment data. Forecasts lower dollar and a slightly vary widely for the non-farm higher than expected rise in payroll from a rise of 250,000 to US leading indicators in as much as 400,000.

much as a point lower and the THE MOOD accross Europe yield on the Treasury's benchi was akittish, occasioned by wordes in several quarters that a further hike in the German discount rate was in store. Hardly a propitious back-ground for the Treasury auc-tion today in France. With another strike on the Bourse, these was heavy turnover on the French futures exchange Matif, where over 71,000 contracts changed hands in the notional 10-year bond.

LARGE sarly morning sell-orders pushed German bond prices down initially yesterday, but, they steadied a little later in the day, as the dollar weak-aned somewhat later... At the morning fixing, prices were up to 20 plannings weaker, with the new federal 8% per cent-hond due 1999 priced at 99.75, which is 75 basis points below its issue price of 100.5.

ON THE whole it was another thin day in the UK gilt edged securities market. One of the few highlights was some short covering in one index-linked stock, the 2½ per ceit issue due 2016 which ended 1 of a After the refunding point higher to end at 1061.

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merbered and comment on a service

| Coupon | Dete . | Price | Change | Yield. | ago . | - Month |
|--------|---|--|---|--|--|--|
| 13.500 | 9/92 | 100-06 | -1/32 | | | 10.78 |
| 9.750 | 10/06 | 99-18 | +3/32 | 9.05 | 9.83 | 10.21 |
| 8.875 | 11/98 | 20-06 | -3/32 | 9.00 | 8.94 | . 9.16 |
| 8.000 | 71/18 | 101-ZZ | -4/32 | 8.64 | 8.75 | 9.00 |
| 4.600 | 6/96 | 96.2611 | -0.190 | 4.87 | 4.83 | 4.76 |
| 5.700 | 3/07- | 109.0435 | 0.107 | 477 | 4,76 | 4.76 |
| 6.375 | 11/98. | 97,4250 | -0.060 | 8.77. | 8.67 | 6.50 |
| 8.000 | 1/04 | 96.6716 | . 0.227 | -B.85 | . 8.57 1 · | 8.56 |
| 9.500 | | | | 8.75 | 8.54 | 8.63 |
| 10.250 | 12/98 | 101.1260 | | .10.06 | 9.08 | . 10.15 |
| 6.7500 | 10/96 | 99,6750 | +0.050 | 6.67 | 5.76 | 6.61 |
| 12.000 | 7/90 -7 | 92,1658 | -0.736 | 13.40 | 12,00 | 12.60 |
| | 73.500 9.750 9.000 8.875 9.000 4.800 5.700 6.375 8.000 9.500 10.250 6.7500 | 13,500 9/82 9.750 1798 9.000 16/08 16/08 8.875 11/98 9.000 71/18 4.800 8/96 5.700 3/07 8.375 11/98 9.500 5/98 10.250 12/98 9.500 10/98 | 13,500 9/92 109-05 9,750 1/98 98-18 9,000 10/08 99-16 8,875 11/98 98-08 8,000 11/18 107-22 4,800 8/96 98-2811 5,700 3/07 109.0435 8,375 11/98 97.4250 8,000 1/24 98.5716 9,500 5/96 104.5800 10.250 12/98 3-101.1250 6,7500 10/98 99.5750 | 13,500 9/92 109-05 -1/32 9.750 17/98 99-16 +1/32 9.000 10/08 99-16 +3/32 8.875 11/98 99-06 -3/32 4.800 11/18 101-22 -1/32 -1/32 4.800 8/96 98-2611 -0.190 5.700 3/07 109.0435 -0.107 8.375 11/98 97.4250 -0.060 8.000 17/94 98.8716 -0.227 9.500 5/96 104.500 -0.320 10.250 12/98 90.6760 +0.050 | 13.500 9/92 108-06 -1/32 10.40 9.750 1/98 98-18 +1/32 9.82 9.00 10/06 99-16 +3/32 9.05 8.875 11/98 90-06 3/32 8.00 11/18 101-22 4/32 8.84 4.800 8/98 98.2611 -0.190 4.87 5.700 3/07 109.0435 0.107 4.77 8.375 11/98 97.4250 -0.660 8.77 8.000 1/94 98.6716 -0.227 8.86 9.500 5/98 104.5500 -0.320 8.76 10.250 12/98 9101.1250 -0.320 8.76 6.7500 10/98 99.6750 +0.050 8.87 | 13.500 9/92 109-05 -1/32 10.40 10.35 9.750 17/98 99-16 +3/32 9.82 9.83 9.00 10/08 99-16 +3/32 9.05 9.05 8.875 11/98 99-06 -3/32 9.00 8.94 8.78 10/32 4/32 8.84 8.78 4.800 11/18 10/32 4/32 4/32 8.84 8.78 4.800 8/96 98-2611 -0.190 4.87 4.83 5.700 3/07 109.0435 0.107 4.77 4.78 8.375 11/98 97.4250 -0.060 8.77 8.67 8.500 17/94 98.6716 -0.227 8.86 8.57 9.500 5/98 10/4.500 0.320 8.75 8.54 10.250 12/98 3-10/1.250 -0.050 8.87 8.76 |

DENCHMANK COMEDNIARY DOMES

Electronic trading comes to London and Chicago. Katharine Campbell and Deborah Hargreaves report in cautious trading Liffe plans to put open-outcry pits on the screen

he London International Financial Futures
Exchange plans to begin simulated trading on its screen-based system, dubbed Advanced Pit Trading (APT), within the next two or three months. The futures trading

system goes further than any other in reproducing the enviromment of the open outcry pit. Technology lies at the very heart of the flerce battle between futures and options exchanges to secure for themselves a bigger share of the global pie. Screen-based trad-ing provides a neat solution to the chaotic, sometimes corrupt, hurly burly of the physical pit, because of its superior tracking ability; and answers many of the problems of establishing international linkages.

Yet the political power of the denizens of the tumultuous open ontcry pits, many of whom consider automation would ruin their livelihood, means that harnessing techno-logical breakthroughs is a deli-

Liffe's system, which has been in the works for eighteen months, is designed to enhance, not to replace, pit trading. While implimentation plans are far from clear at this stage, APT would, certainly initially, function when the exchange floor was shut. It might well also have a role for

less active contracts.

One of the appeals of APT, the details of which have to

date been kept pretty much under wraps, is that it looks like a video game version of futures trading, a good deal less sterile than some of the other screen-based systems. Half of the screen, which will be in colour, portrays a pit (say where the long gift trades) split in half with the buy function on the left, the sell on the right. Traders appear as tiny oblong boxes bearing the iden-tification initials emhlazoned on badges pinned to their col-ourful trading jackets. The other half of the screen prices appear in a central box, together with the number of contracts available at those prices. The latter figure is replicated in the pit identifying the trader bidding or offering.

ost other antomated ost other antomated systems currently operating – such as the Swiss exchange Soffex introduced last May – function by so-called order-matching, and Glober, the Chicago Mercantile Exchange'a system, basically relies on that princi-Order matching works well

with lowish volumes, but lacks the flexibility and responsiveness necessary to emulate a busy pit. Liffe's ambition was to build a system that did not fundamentally change the nature of the trading process. Instead of using the computer to match orders which are in the system and stay

is devoted to tabulated details of the trader's positions. The best bid and best offered and offers are valid only "as long as the breath is warm" which, translated onto the screen, means five seconds.

The trader uses a" mouse" to execute the trade, finding the field near the bottom of the screen flagged buy or sell, and punching in the number of contracts he wishes to move. Moments later, the details of the filled order appear at the top left of the screen.

The screen is packed with other pieces of information, such as limit orders - whereby the user can specify prices away from the market which will be executed automatically if the market reaches that level, even if he himself is away from the screen. The system apparently belongs to the "next genera-tion" in soft ware terms

because of its snhsecond reponse time. APT is designed to handle 100 transactions a complaints from traders who wait five or more seconds -

even in a slowish market. Liffe are well advanced with talks with Telerate, who, among other quote vendors, are being approached to provide the order routing capability, which means price reporting and ferrying the order from end client to the pit.

hereas APT itself
would be available to
exchange memhers
only, it could theoretically be
hooked up to any number of networks. The system could easily function within Europe.
APT's first real test comes
with simulated trading, during which time it will be modified according to users' comments. When and how it will be implimented after that is unclear as much is still to play for. With a newly implimented

trade registration system that puts the exchange considerably ahead of its Chicago rivals in terms of matching and regis-

ing population of independent floor traders adding liquidity to the floor - particularly in the last six months, courtesy of the widespread redundancies in other parts of the City - the exchange is playing its cards close to its chest.

Moreover, the industry is in a period of considerable flux too. Liffe, like other exchanges. is still considering whether it should sign up with the Globex venture. At the same time, a scheme for all the London commodities exchanges to link up on one floor is said now to be

very close to fruition too.

And last hut not least, no system can replicate entirely the hustle of the trading floor. Ted Gutierrez who is chief Sof-fex trader at Credit Suisse in Zurich is on the whole an advocate of screen-hased trading, hut he points out that it is he cannot vent his tensions and emotions by yelling and

Chicago ready to give the go-ahead for Globex

map the way ahead for Chicago's futures industry, regulators meeting today are expected to pass rule changes sanctioning the US industry's Against a background of the FBI sweep into Chicago in the biggest commodities fraud probe ever launched in the US, the Commodity Futures Trad-ing Commission is expected to give the go-ahead to Globex a joint venture between the Chicago Mercantile Exchange

and Reuters.

The system, which is seen by many as the inevitable grandchild of Chicago'a arcane open auction trading, has received renewed attention in the wake of alleged trading abuse on the city's two major exchanges. Advocates of electronic trading have been quick to point out how a computer can keep a more accurate track on trading

than is currently available. However, the Chicago Mercantile Exchange has not billed Globex as taking over from the hurly burly of its open outcry futures pits yet. On the con-trary, the system is designed to complement open outcry. When it starts up in October, Globex is planned to provide a 24-hour futures market place by taking over when Chicago's trading floor is closed. It is the CME's response to the increas-ing globalisation of its industry and a move to stay on top of a trend to trade round-the-clock. - In the two years that Globex has been under development, the futures industry has weathered some wrenching developments in its markets.

market crash in 1987 shook investor confidence in deriva-tive futures products and, just as this was being restored, news of the FBI investigation has shocked market users. In addition, a plethora of new futures exchanges has started up around the world, not least in Japan, where futures volume could eclipse

The fall-out from the stock

exchanges in the near future. While Mr Leo Melamed, head of the CME's executive committee, and a strong supporter of Globex, admits that Chicago may have to share its place at the head of the industry with Tokyo and London in coming years, he believes the city could lose its lead if it does not move with the times.

British Funds
Corporations, Dornalion and Foreign Bonds
Industrials
Financial and Properties

that of Chicago'a dominant

Many industry participants, although reluctant to give up the face-to-face contact of the tempestuous commodities pits, believe the future lies in an believe the future lies in an eventual move onto the screen for all trading. "I'm not bullish on the future of trading floors," commented Mr Jim Paul, vice president at Dean Witer in Chicago.

However, at least for the time being, CME officials stick to their view that open outcry cannot be bettered. The advantage Globex will have over pre-

tage Globex will have over previously planned electronic exchanges is that it will harness the liquidity of the CME's daily market to deepen night-time trading.

Furthermore, the CME and

Reuters are aggressively mar-keting Globex in a hid to make it a truly global marketplace by attracting other exchanges to list their contracts on it. Their efforts received an important boost last week when the membership of the New York Mercantile Exchange (Nymex) voted in favour of joining the system. Nymex plans to list its busy crude oil futures contracts on Globex at the start of 1990, with a later phase-in of plati-



Andre Villeneuve: aiming for a liquid market

num futures. Discussions with two overseas exchanges - one in Europe and one in Asia – are well advanced, according to Mr Andre Villeneuve, president of Reuters, North America, and preliminary negotia-tions are underway with three other markets. The system will not be constrained by its capacity in including additional exchanges. "Our main criteria is to make sure any new exchange will add value to Glohex," Mr Villeneuve remarked, "ensuring it is a well regulated liquid market." well regulated, liquid market." Overseas exchanges will have approval to list their contracts on Globex as well as making provisions with their own country's regulatory bodies.

Like the CME, any exchange that wants to join Globex has to commit itself to take a certain number of Reuter com-puter terminals for its clearing members. Reuters recoups the development costs of the sys-tem by charging a rental fee for its screens and levying a transaction fee for every trade processed through the system. Although members are not obliged to take a terminal, Mr

Villenenve believes a large number of the CME's clearing firms are interested in trading on Globex. Eventually, the CME hopes to extend the system to other users, issuing each with an access code and built-in credit limit, but this could take some time. Globex is essentially a sys-

tem for matching trades - lin-ing up the best hids against the listed on the system will be responsible for regulating trading in its own contracts as well as for clearing those contracts. But the system is left open for ahuse, according to the Chi-cago Board of Trade, the CME's major rival, which has strennously opposed the proposal. In a strongly-worded, 50page criticism that urges the CFTC not to approve Globex in its current form, the CBOT says "the Globex proposal is inherently susceptible to manipulation, prearranged

trading and other ahuses." Ironically in light of the current fraud probe, the CBOT's letter champions open outcry markets as an "effective antidote to fraud and price manipulation." This is an argument that has been totally negated by the FBI's investigation, in the opinion of the head of one of Chicago's Futures Commission merchants.

There seems little donbt the CFTC will approve Globex, allowing the CME to go ahead and list its currency and gold futures contracts on the system for start-up in October.

LONDON MARKET STATISTICS

RISES AND FALLS YESTERDAY

| : | These Indices a | | APRILE | | | | | | | | |
|-------------------|---|----------|--------|--------------------|-------------------|----------------|--------------|--------------------|-------------------|-------------------|-------------------|
| | | | | | | | | | | | |
| | the institute | | | | | | | marie | | | |
| | EQUITY GROUPS | V | Vednes | day Fe | bruary | 1 19 | 19 | Tue Jan | ,Jan | Fri Jag | Year |
| | | | | | | | | 31 | 30 | 27 | (approx) |
| | & SUB-SECTIONS | | | · Est. | Grass Dir. | ESL P/E | xd adj. | | | | |
| | Figures in parentheses show number of | f fodex | Day's | Earnings Yield% | Yield% | Ratio | 1989 | Index | Index | Index | Index |
| | 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 | No. | 74 | (Max.) | (Act at :(25%) | (Net) | to date | Mo. | No. | No. | No. |
| | 1 CAPITAL GOODS (208) | 224.06 | -1.1 | -10.48 | _ | 11.70 | 1.09 | 897.82 | 897.58 | 386.62 | 740.90 |
| | 2 Building Materials (28) | 1107.64 | -13 | 11.48 | 4.11 | 10.72 | 8.26 | 1124,63 | 1122.45 | 1110.59 | 988.68 |
| | | | | 11.98 8.27 | 3.69 | 10.88 | | 1665.59 2638.18 | | 1637.23 | |
| | 5 Flectronics (30) | 2015.03 | - 4.5 | 9.30 | 32 | 14.58 13.91 | | 2030.10 | 2635.59 | 2023.42 | 2042.74 |
| | 6 Mechanical Engineering (55) | 474.51 | -0.3 | 18.96 | | 12.10 | 0.12 | | | | |
| | 4 Electricals (10) 5 Electronics (30) 6 Mechanical Engineering (55) 8 Metals and Metal Forming (7) 9 Motors (17) | 512.24 | - 9.3 | 14.98 | 5.75 | | 0.00 | 513.64 | 511.21 | 506.93 | 441.97 |
| | 9) Motors C17. 10) Other Industrial Materials (22) 21) CONSUMER GROUP (186). 22) Brewers and Distillers (22) 25) Food Manufacturing (21) 26) Food Retailing (15). 27) Health and Household (13) 29) Leisure (33). 31) Packaging & Paper (17) 32) Publishing & Printing (16) 34) Stores (33). 35) Textiles (1,6). 40) OTHER GROUPS (93). 41) Agencies (18). 42) Chemicals (22). 43) Conglomerates (12). 45) Shipping and Transport (12). 47) Telephone Networks (2). 48) Miscellancous (27). | 30LA3 | +8.3 | 18.85 | 4.58 | 10.70 | 6.68 | | 396.17 | 295.49 | |
| | LUI Other Industrial Materials (ZZ) | 1512.78 | -0.1 | 9.12 8.93 | 4.16 | 14.82 | 3.46 8.87 | 1514.61 1167.76 | 1516.55 | | |
| | 22! Resures and Distillers (22) | 1274.55 | | 18.63 | 3.50 | 12.46 | | 1275.84 | | | |
| | 25 Food Manufacturing (21) | 1039.04 | -0.7 | 1.14 | 3.70 | 14.18 | | 1946.58 | 1937.73 | | |
| | 26 Food Retailing (1.5) | 2062.05 | -2.0 | . 8.79 | 3.44 | 14.97 | | | 2067.68 | 2639.61 | 2088.61 |
| | 27 Health and Household (13) | 2073.21 | +8.6 | 6.47 | 231 | | | 2061.61 | 2855.14 | | |
| | 29 Leisure (33) | 294 92 | +6.2 | 7.88 | 3,40 | 16.65 13.04 | 0.53 | 1529.86 587.52 | 1518.76 588.49 | 1598.53 581.99 | 1294.65 580.16 |
| | 32 Publishing & Poleting (78) | 7692.45 | | 8.47 | 4.25 | 14.74 | | 3716.23 | | | |
| | 34 Stores (33) | 780.37 | -1.1 | 18.86 | 441 | | 8.32 | | | | |
| | 35 Textiles (14) | 519.84 | - 1.6 | 13.42 | 5.49 | 4.93 | 0.00 | 522.37 | 522.40 | | 588.68 |
| | 40 OTHER GROUPS (93) | 1030.27 | 9.3 | 24.22 8.83 | 4.38 | 11.95 | 8.12 | | 1832.46 | | 870.28 |
| | 41 Agencies (187 | 1173.27 | 19.4 | - 19.52 | 2.46 | 15,71 | 9.80 8.23 | | | 1186.96 | |
| | 43/ Conglomerates (12) | 1422.17 | -0.8 | 18.47 | 100 | | | | | 1397.72 | |
| | 45 Shipping and Transport (12) | 2176.01 | . 18.9 | 9.14 | | 14.31 | 8.80 | 2356.60 | 2361.20 | 2117.65 | 1853.41 |
| | 47 Telephone Networks (2) | 1127.56 | -0.0 | 18.42 | | 12.48 | 9.80 | 1136.98 | 1138.55 | 1146.55 | 936.78 |
| | 48 Miscellancous (27) | .0415.75 | -0.0 | 20.01 | 3.45 | 11.37 | 8.62 | | | 1383.24 | |
| | 49 INDUSTRIAL GROUP (487) 51 Oil & Gas (13) | 12074.36 | -8.4 | | 3.87 | 12.71 | 0.76 | | | 1057.32 | |
| | 51 0) & Gas (13) | 11952.62 | -0 | 9.45 | 5.69 | 13.54 | 0.00 | | | 1963.42 | |
| | 59 500 SHARE INDEX (500) | 1148.86 | -44 | 9.68 | 4.12 | 12.82 | | | | 1129.38 | |
| | 61 FINANCIAL GROUP (126) | 749.32 | -23 | 19:15 | 4.76 5.85 | 7.50 | 8.25 0.00 | | 754.09 | | 658.60 674.54 |
| | AS Insurance (Life) (78 | 1857.12 | -1.7 | 17.15 | 5.13 | 7.60 | | | 759.66 1066.15 | | 973.74 |
| | 66 Insurance (Composite) (7) | 599.96 | +1.2 | . - 1 | 5.21 | | 0.00 | 578.48 | 591.99 | 585.44 | 587.11 |
| | 67 Insurance (Brokers) (7) | 1942.94 | +1.6 | _ 8,40 | 6.24 | 14,87 | 0.00 | 1025.85 | 1010.93 | 1006.08 | 988.86 |
| | 59 500 SMARE INDEX GOOD 61 FINANCIAL GROUP (126). 62 Banks (8). 65 Insurance (Life) (8). 66 Insurance (Brokers) (7). 68 Merchant Banks (11). 69 Property (53). 70 Other Financial (32). | 7 270 74 | - 15 | 5.58 | 2.39 | 22.84 | 8.69 | 344.52 | 343.71 | 336.29 | 347.88 |
| | 701 Other Financial (22) | 301.90 | -0.5 | 9.13 | 5.26 | 13.66 | 1.12 | 383.82 | 1309.59 385.88 | 1299.29 378.73 | 1019.72 389.00 |
| | 71 Investment Tracts (76) | 1854.67 | 4.4 | | 2.89 | _ | | | 1458.37 | 1643.24 | 846.69 |
| | 71 Investment Trusts (76) 81 Mining Finance (2) 91 Overseas Traders (8) | 634.20 | 10.7 | 9.64 | 3.30 | 11.56 | 8.00 | 629.77 | 62T.A3 | 622.99 | 417.88 |
| | 91 Overseas Traders (8) | 1365.93 | -1.5 | 9.35 | 4.29 | 12.67 | 25.65 | 1373.48 | 1374.85 | 1393,78 | 1029.56 |
| | 99 ALL-SHARE INDEX (712) | 1950.20 | 7.5 | ı | 428 | - | 8.72 | 1054.97 | 1051-10 | 1834.11 | 906.67 |
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| 23 Ell Miller | Index-United 131.56 131.55 - 0.90 12 Inflation rate 5% Sys. 3.56 3.56 2.40 5 years 3.56 3.64 3.90 |
| 275 | 8 All stocks 129.67 +0.39 129.43 - 0.38 14 inflation rate 10% Over 5yrs. 3.47 3.48 3.73 15 Date 2 5yrsrs. 11.68 11.68 10.83 |
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LONDON TRADED OPTIONS

BRITISH PETROLEUM took prida of place in optione dealings yes-terday, as dealings in it almost matched those in the index.

matched those in tha Index.

A downgrading of its rating by some leading securities houses contributed to the activity, as the underlying share price fell 3p on the day to 279p.

Overall turnover was modest by recent standards, at 47,595 contracts, made up of 33,378 calls and 14,219 puts, even though this

and 14,219 puts, even though this figure is more than half as much again as the mid-summar aver-

were modest in comparison with recant levels, reeching 10,119 contracts, lying in 4,131 calla and

8.P. (*278)

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(°1163)

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STC (*316 |

on the basis of auch things as dividend end interest expecte-

5,988 puts, with turnover pale in comparison with the heavy activity even aheed of Tueeday'e expiry of the January contract.

Calmer conditione wara also seen in the Index futures contract on the London Internetionel Finenciel Futures Exchange, where the heavy premiums over cash value seen in recent days fell back to levele more or less in line with the fair value calculable on the basis of auch things as options stocks included Ultramar, Racal. The British Steel turnover ley in 2.125 contracts, consisting of 2.115 calls and no more than 10 puts. Activity was eeen in the July and October B0p calls, the first of which streeted 1,121 contracts and the second 570

dividend end interest expectations.

BP attracted 5,148 contracts, consisting of 2,984 calls and 2,164 puts, with the July 280 calls finding 1,102 contracts and the July 280 puts 1,250. British Gas, like

| acis, lying in 4, 151 cana and | | | | | | and but | pate 1,200. Ottooli edo, like | | | | | | *************************************** | ************************************** | | | | | | | | | | |
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| | | Apr. | 74 CAT | | Apr. | PUTS | | Option | | Apr | CATT | | Apr | PUT: | | Option | | Mar | CALLS Just | | Mar | ZITS Jea | Sep . | |
| 385 | 460 500 | 44 18 | 56 32 | 71 46 | 25 | 14 31 | 18 36 | Ultramar (*309) | 294 300 330 | - | 45 | 55 37 | 13 36 | 20 | 29 47 | Stoe Circle (*489) | 420 460 500 | 78 42 16 | 82 48 26 | 44 | 26 | 7 16 34 | 1922 | |
| rivays | 160 180 200 | 32 17 8 | 36 22 12 | 36 28 16 | 75 19 | 11 | 13 26 | Woohworth (*284) | 260 280 | 34 21 | 42 28 | 50 37 | 32 | | 11 19 | British Gas (*185) | 120 200 | 9½ 24 | 16 64 | 19 10 | 3½ 17 | 5년 19 | 11 20 | |
| • | 220 240 | 24 12 | 30 18 | 38 | 16 | 끍 | 12 | Option | 300 | 12 | Arg | Nov. | Age | Amp | 28 Her | Dixos (°155) | 140 160 180 | 20 9 5½ | 26 16 9 | 30 18 11 | 314 14 28 | 8 17 29 | 10 20 32 | |
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| | 70 80 | 10 34 | 124 | 7 | 112 54 | 31, 91, | 44, | 758 (*122.) | 110 120 130 | 13 7 3 | 101 ₂ 101 ₂ | 19 11 72 | | 2½ 6 12 | 3½ 7 12 | ifilisioum (*276) | 300 360 | 25 12 5 | 30 18 | 36 25 | 13 | 17 - | 19 — | |
| | 800 850 900 | 140 92 53 | 25 | 152 115 | 3 5 18 | 12 | 15 32 | Option Lathroke | 420 | Feb. | Apr 980 | 97 | Fab | Apr | Jul 5 | Lando (*351) | 330 360 390 | 32 16 | 52 33 21 | 62 46 33 | 9 23 43 | 15 32 49 | 23 38 59 | |
| rė | 390 420 | 55 32 | 71 46 | 80 | 6 | 11 | 12 26 | (*499) | 460 500 | 13 | 53 25 | 64 37 | 12 | 19 | 12 26 | Midland Bk (*458) | 420 460 | 63 | 50 | 57 32 | 5 20 | 7 | 11 32 | |
| old | 1250 1300 | 125 | 165 | 185 160 | 48 75 | 75 100 | 90 | Brit Acro | 460 | 70 | 1647 77 | 90 | 7 m | May 9 | 13 | Sears (*126.) | 120 | 10½ 5¼ | 15 I | 16 | | 6 ¹ 2 2 ¹ 2 | ç 14 | |
| | 1350 1400 | 75 55 | 100 | 115 | 185 125 | 125 | 140 | (*525) BAA | 500 550 280 | 35 | 47 23 38 | 38 | 33 | 48 | 27 55 | THF (*277) | 240 250 | 37 19 | 45 | 53 38 | 2 | 5½ 0½ 1 | 7 3½ | |
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Management buy-out wins control at Ryan

DIGGER, the vehicle which is making a £69.6m management buy-out bid for Ryan International, the south Wales-based opencast coal-mining and coal recovery group, yesterday claimed control of its target. At Tuesday's closing date. Digger said it had received acceptances in respect of 62.17

per cent of Ryan's shares. Included in the total is the 13.8 per cent of Ryan which was irrevocably pledged to Digger at the outset of the bid. The offer and loan note alternative is being extended until February 14.

The Digger/Ryan deal is the latest in a series of manage-ment huy-ont bids. In such deals, a newly-formed company, in which management has a significant equity stake, makes an offer for the quoted company. If successful, the company effectively moves into the private sector.

Among successful buy-out bids over the past 15 months have heen those for Glass Glover, Dwek Group, Invergor-don Distilleries and Virgin Group. Magnet, the kitchen and bedroom furniture manufacturer and retailer, recently stated that it is considering similar proposals, and yester-day, a possible buy-out scheme was also notified at Tyzack.

Ryan was hauled back from receivership in 1985 by a group of investors led by Mr Crispian Hotson. In 1986, it acquired

Derek Crouch for about £28m retaining the opencast coal operations but selling on the housebuilding side.

However, although profits rose to £10m in 1987, gearing also increased to about 100 per cent hy mid-1988. In September, Carless, the oil independent made an all-share offer for Ryan, initially valuing the group at £92m. This collapsed when a bid was made for Car-

Yesterday, Ryan shares edged 1p higher to 136p — still 4p below the 140p offer price, perhaps reflecting the fact that not all Ryan's institutional shareholders have been enthuslastic about the Digger

Magnet buy-out 'has funding'

MR TOM DUXBURY, chairman of Magnet, has raised the necessary finance to put together ing to one of the two non-executive directors of the Yorksbire-based kitchen and bedroom furniture group. Mr David Malpas, who is

also chief executive of Tesco, broke his silence on the deal yesterday. He said that although Bankers Trust. adviser to Mr Duxbury, bad put together the finances for "what they believe to be a rea-sonable offer." no details of the bid were likely to emerge for a matter of weeks. Any deal would be worth more than

The management team

clearly want to do a recom-mended deal," Mr Malpas said. A recommendation requires the approval of the non-execu-tives - Mr Malpas and Mr Brian Haggas, a Yorkshire businessman – and Kleinwort Benson, Magnet's financial

adviser. "We are full aware of our responsibility to ensure that the outcome of the affair is in the best interests of shareholders," he added. "The negotiating process could take some

In a separate development yesterday, Magnet announced the resignation of Mr Stephen Emmott, managing director. The formal statement said Mr Emmott had left to pursue other business interests. But his departure fuelled specula-tion of a boardroom rift over Mr Duxbury's plans.
No-one from the buy-out team was prepared to comment

on the latest developments yes-terday, and Mr Emmott also refused to comment. Mr Malpas said Mr Duxbury had told him that Mr Emmott's depar-ture was entirely amicable. Howaver, former Magnet

directors expressed their aston-ishment. Mr Emmott had worked at Magnet for many years and was perceived to be one of Mr Duxbury's closest allies in a boardroom frequently prone to squabbles.

Magnet's shares fell 5p to close at 279p.

Ladbroke hits at T-Line board

By Ray Bashford

Ladbroke Gronp, the international leisure company bidding for Thomson T-Line, yesterday launched another attack on the board of the industrial holding company.

In the offer document to Thomson T-Line shareholders, Mr Cyril Stein, Ladbroke's chairman, criticised his target for failing to make a profit forecast for the year when

releasing its interim profits statement last week.

Ladbroke ended a month of bid speculation last December when it launched an 80p-a
ling" and claimed that they indicated an annual profit of film. This figure is "well short of market expectations", Ladbroke maintained. when it launched an 80p-ashare cash offer for Thomson T-Line. Last month this was

revised to 90p, valuing the company at £185.7m. The Ladbroke document described Thomson T-Line's interim results as "disappoint-

The principal attraction of Thomson T-Line for Ladbroke is the company's Vernons foot-ball pools business, with about 21 per cent of the UK market. The Ladbroke offer remains open until February 15.

UK COMPANY NEWS

Marrying a partner with a deep pocket Nikki Taitand John Wicks on GT Management's ceding of control to a foreign bank

OYAL CONNECTIONS R oyal connections are always useful. But does the decision by GT Management - the London-based financial services company - to surrender its inde-pendence to Bank in Liechtenpendence to Bank in Lacences-stein. controlled by the principality's royal family, mark a trend for independent fund managers in Britain? Certainly, the downturn in stock market levels since Octo-ber 1987 — which have an

immediate impact on funds under management and, there-fore, profits – has brought a number of groups into the bid spotlight over the past 15

Discerning a significant "European" pattern among the predators — of the type that has cropped up in the corporate finance and insurance fields for example - is more

There is one precedent for the GT deal. Mr Ricbard Thornton, coincidentally a co-founder of GT, negotiated a tie-up between his privately-owned Thornton Management and West Germany's Dresdner

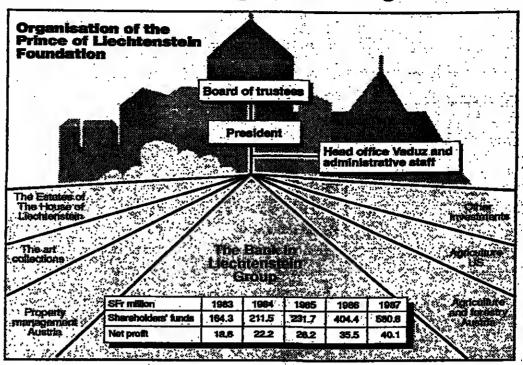
Bank last year.
But it was the British Coal
Pension Funds which came to the rescue of Edinburgh Fund Managers, the quoted Scottish group, and Throgmorton Trust which took control of Framlington, with plans to refloat the business when times are kinder. Framlington bought out a 28 per cent stake held by Crédit Commercial de France, the state-owned banking

Last summer, moreover, the privately-owned Touche Rem-nant found a friendly US shareholder, Liberty Mutual, which was happy to mop np 15 per cent of its shares. The situation has since twisted again with the loss of Touche's flag-ship, TR Industrial and Gen-eral Trust, to the British Coal Pension Funds.

Nevertheless, the prospect of marrying UK fund manage-ment expertise to continental connections, does seem to be a swelling theme "A number of the larger

European groups have been looking in the UK," comments Phoenix Securities, the Morgan Grenfell subsidiary which specialises in the financial services field, "either to buy control or via the joint venture

The interest, it suggests, has



come most strongly from the bigger European banking groups – with the Germans arguably at the head, followed by the French. Certainly, Deutsche Bank was among the names rumoured as a potential suritor for GT.

In theory, the logic to such deals is fairly simple. As Phoe-nix puts it, "The UK fund man-agement business is years ahead in product development and packaging." In terms of equity investment management too, it can be argued that the relatively open UK and US markets have produced a range of skills which are still somewbat underdeveloped in

On the other side, the Euroeen banks bring substantial distribution potential and financial muscle, a key point for beleaguered, medium-sized UK fund management groups

Distribution was very much part of the rationale of the Dresdner-Thornton deal. Nine months later, Mr Thornton has nothing but praise for his part-ners. Dresdner's presence has, he suggests, been "enormously belpful," both in terms of recruitment and of expanding funds under management.

But the distribution advan-

tages have not shown through quite so easily. The simple idea of taking products angled at UK investors and selling them across Europe runs into frightful problems, with regulatory anthorities and, not least, with the continuity preference for bearer securities. erence for bearer securities.

Although such problems, he adds, should not be insur-

The GT-BIL deal looks slightly different at the outset Both groups see a fit in terms of investment expertise and geographical strength, but no-one pretends that BIL, though admirably connected, will provide a vast retail net-

They need the international investment expertise input." says Mr David Fitzwilliam-Lay, GT chief executive. From his own company's viewpoint, there is considerable advan-tage in having a parent with "quite a deep pocket" – facilitating, for example, expansion of GT's toehold in the US.

Equally, RIL has suggested that it welcomes GT's institu-tional client balance accounting for about 70 per cent of its funds - and its Far East presence.

Clouds have hung over GT for a while. Formed in 1969 by Mr Thornton and a former col-league at Foreign and Colonial, Mr Tom Griffen, the group came to the stock market in mid-1986 with £101m price-tag. The timing was not of GT's own choosing problems at UK Provident, the life company which owned 8 cent of GT and 29 per cent of Berry Trust (in

turn, a large shareholder in GT), pushed the issue along. Nevertheless, booming stock markets boosted funds under management, and pre-tax profits reached a record £13m in the year to March 1967, before dipping to £12.8m in the following 12 months. At one story, funds under management were

funds under management were well over £4nn, compared with the current £3.3bn. However, the impact of the 1987 crash, plus the changed rules on unit trust pricing, eventually-hit bome. Despite attempts to trim the cost base. the pre-tax figure was just £2.7m in the six months to Sep-

boardroom shuffles and depar-On the other side, the GT

tamber 30 1988. By then, speculation over likely suitors was mounting, fuelled by a series of

Thereto country related their bear and all files of the control of

acquisition marks a further step in rapid growth of BIL, which has consolidated assets of some SFr 6.4m (£2.3m) and an estimated SFr 1.4m-1.5m of funds under management. Under the chairmanship of Mr Christian Norgren it has become the higgest of the three Luxembourg registered banks. Unlike other offshore centres, Liechtenstein has never licensed foreign-owned banks. The ruling family's Prince of Liechtenstein. Foundation owns 85 per cent of share capital and \$7 per cent of voting acquisition marks a further

, il

tal and 97 per cent of share taga-tal and 97 per cent of voting rights in the BIL group. The remaining stock is listed on Swiss stock exchanges and in Frankfurt in the form of participation certificates. BIL's mar-ket capitalisation exceeds SFr

Like other Liechtenstein banks, Bill is a member of the Swiss Bankers' Association and subject to a bilateral agree-ment which imposes Swiss ment which imposes states monetary policy on the princi-pelity. But Liechtenstein's banking laws are stricter than those of Switzerland, and none of its three banks has yet been

or in three banks has yet oven involved in offshore scandals. The growth of Ril. has been particularly marked since Mr Norgren came from Sweden to join the bank in 1982. Expansion has taken place both in Liechtenstein itself, where the group has over 400 of its 760 staff and abmord.

In Vaduz, the bank has its headquarters operation, the subsidiary Bilfinanz, working in the field of special financing, and three units in the trust sector. It is also custodian bank for the principality's only investment fund, FL-Swiss

Outside Liechtenstein, Mr Norgren aims for "a good spread of relatively small

Interests now include tha Londou-based Bank in Liechtenstein (UK) and three affiliates in-Frankfurt: a banking subsidiary, the management-consulting firm BIL Consult and a majority stake in the asset-management company

- 2 1-4

20.00

A year ago, BIL also joined Grosvenor Estate and other companies to form a Luxembourg property manager, International Freehold Properties. Meanwhile, in the US, the New York subsidiary merged with investment consultants Trainer Wortham.

THIS ANNOUNCEMENT IS FOR RECORD ONLY

Following the EGM of New Tokyo Investment Trust held on Monday 9th January 1989

LONDON & BISHOPSGATE INTERNATIONAL INVESTMENT MANAGEMENT PLC

is pleased to announce that



New Tokyo Investment Trust is the first fully index-linked Japanese Investment Trust in UK



Reconstitution of the Trust's portfolio was achieved at a total cost of 2.25% of NAV by The Nikko Securities Co. (Europe) Ltd.

Note:- This figure does not include termination costs. Net Asset Value as at 31.1.89 - 165 p

Broker: Rowe & Pitman Ltd.

London & Bishopsgate International Investment Management plc Hamilton House, 1 Temple Avenne, London EC4Y 0HA Tel: 01-583 1978

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Willaire Group PLC

has acquired

Medical Air Technology Limited

Climperhurst Limited

The undersigned acted as advisor to Willaire Group Pic during the negotiations, and arranged the acquisition financing.

Chase Investment Bank Limited



UK COMPANY NEWS

Iceland's £15.75m disposal falls short of some City estimates

Kwik Save buys Victor Value

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kwik save, the retail group, has agreed to buy the Victor. No estimate of profit was value chain of supermarkets from Iceland Frozen Foods for texture that the disposal follows Iceland's £240m takeover of rival frozen food retailer Beism at the end of last year.

I in the midlands and 18 in

HTV GROUP, the ITV franchise holder for Wales and the west of England has taken in

the west of England has taken a significant stake in a company planning to launch specialist satellite television services for business and industrial sectors.

HTV said yesterday that; jointly with the Choh Group and Parkfield Group, it had taken 51 per cent of the Business Television Corporation.

HTV will have 21 per cent, making it joint highest shareholder with the main founder of the company the Cable Corporation, owner of Windsor Cable Television and the recently issued Rirmingham

expected a positive contribu-tion to frading profits in the current financial year.

The regional split of the stores is 34 in the north west, 11 in the millands and 18 in

at the end of last year.

11 in the midlands and 18 in The Victor-Value chain conthe south including London. sists of 53 discounit grocery Kwik Save said the purchase tinue trading until their full stores and is expected to would strengthen the components ales of 200/m in the 12 pany's position in the south of Kwik Save currently operates

The main area would almost certainly involve providing

with many locations over the

Industry.

Mr Ted George, managing director of HTV's development subsidiary intecom, said yesterday. This is much more than a first that the subsidiary interest for the s

internal training for compani

Most of the stores will be refurbished and converted to the Kwik Save logo and style of trading within six

It is possible that some rationalisation will occur in the north west and the mid-lands but all stores will con-

from 584 Kwik Save stores and 24 Lateshopper outlets. Although the £15.75m price

tag is less than the £20m expec-ted by some in the market, Iceland is retaining the freehold of eight stores. Bejam paid £10m when it bought the chain from Tesco in 1986.

Following the news, Iceland shares rose 5p to 329p while Kwik Save shares fell 5p to

HTV takes 21% stake in | Thorn buys Rediffusion Business Television Corp | arm from BET for £13m

By John Thornhill

THORN EMI, the UK entertainment and electronics group, is to buy Rediffusion Business Electronics from BET, the international services group, for up to £13m in

country.

In November the Business
Television Corporation secured
one of the specialised satellite
operator licences or offer from
the Department of Trade and
Industry. The price will depend on the final valuation of the assets and is subject to the approval of the Office of Fair Trading. It is believed that in certain markets in the hotel and leisure sector the combined market share would be more than 25

per cent. RBE provides entertainment equipment and services to hotels in the UK and Western

Europe. Its background music and public address business will be retained by BET, but will be transferred Rediffusion Music's

operations. Mr John Allan, a BET director, said that BET could not justify the investment needed to develop RBE's potential and it was selling the company to release capital for investment in its other communication

RBE will be integrated with Maidenhead-based Thorn EMI Business Communications, which markets televisual equipment and systems.

battle with **US** bank

By Kenneth Gooding, Mining Correspondent

CONSOLIDATED Gold Fields. the UK mining group, is locked in a court battle in New York with the Chemical Bank over documents relating to the hostile hid by Minorco.

Chemical has become embroiled in Gold Fields' world-wide campaign to ward

off Minorco as it was one of a consortium which would have provided Minorco with up to fibn cash to complete its offer.

Gold Fields has appealed to the US District Court of New York to enforce a subpoena served on Chemical, claiming that Chemical has made "little or no effort" to determine if it or no effort" to determine if it has documents which reveal the full extent of the relationship between Minorco and Anglo American and De Beers group of South Africa. Between them they own about 60 per cent of Minorco.

Chemical in its response to the court yesterday said the subpoena was "overly broad and burdensome in the range

and burdensome in the range of documents sought." It suggested Gold Fields "lacked the standing" to receive the documents and that, in view of various recent events in the Gold Fields-Mi-norco battle, the anti-trust cases might not proceed.

Gold Fields' | Harrods buys 25.9% stake in Mallett from Sears for £5.37m

By Ray Bashford

MR MOHAMED Al Fayed, chairman of Harrods and collector of fine antiques, has combined business with pleasure through the purchase of a

sine through the purchase of a 25.9 per cent holding in Mallett, one of the oldest antique dealers in the UK.

Harrods bas purchased the stake from Sears, the retail group which owns Selfridges, for £5.37m cash, equivalent to £1.50 a share. The shares added 13n to 151n vesterday after 13p to 151p yesterday after peaking at 156p.

Mr Graham Jones, chief financial officer of House of Fraser, Harrods' parent company, said that the holding had been acquired as a long-term investment and that there were no plans to increase it.

House of Fraser has a 10 per cent stake in Sears and the decision to acquire the holding grew out of general discussions between the two companies.

The association will provide Harrods with the opportunity to explore the potential for lon-ger-term development of Mal-lett and the Harrods antiques

"The purchase is consistent with our policy of investing in high-quality businesses in niche market areas," said Mr

Mallett operates its exclusive antiques and art business, which specialises in the 18th Century and Regency periods, through two West End show-rooms.

Sears has held its 25.9 per cent stake in Mallett since the antique dealer received a full listing in March 1987. The sale leaves Sears with a profit on the investment of about £3m. Mr Geoffrey Maitland Smith Sears chairman, said the stake had been sold because Mallett

principal area of operations as a muniple retailer.

"In many ways it is disappointing to sell the holding but it is not something which we could develop," he said.

Mr Maitland Smith and another Sears director are

was outside the orbit of Sears'

another Sears director are expected to step down from the Mallett board but there have been no discussions about their replacements.

Inoco bid talks terminated

PRIEST MARIANS Holdings, the property group, will not make a bid for Inoco, the property investment company formed from an oil concern. writes Paul Cheeseright, Property Correspondent.

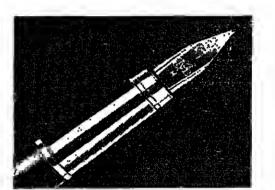
An announcement from Inoco yesterday, that talks which might have led to an offer had been terminated,

The price had been hovering at around 42p since it was disclosed in mid-December that Priest Marians had acquired a secret of his disappointment at 9.22 per cent stake and was engaged in takeover talks. Yes-terday, Inoco's price ended 6½p lower at 34p. Priest Marians shares rose 10p to 430p.
Mr David Hudd, Inoco chairman, would not ascribe any particular reason for the break-

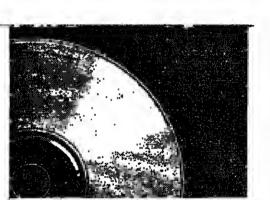
secret of his disappointment at the breakdown of the talks and said that disagreement had come on Inoco's value. "We thought we ought to walk away from it," he said.

"We will keep our stake for the time being", he added.

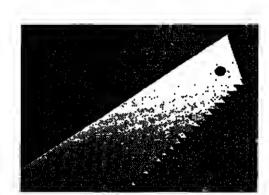
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| June-Dec 88 June-Dec 87 | | | | | | | | |
| £ million £ million | | | | | | | | |
| Sales | 936.0 | 777.8 | | | | | | |
| Pre-Tax Profit | 41.6 | 30.0 | | | | | | |
| Net Dividend | 3.6p | 3.0p | | | | | | |
| Earnings Per Share | 13.82p | 10.30p | | | | | | |

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ing on our laurels. We have been improving our performance by investing in our outlets. Our

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tarday: "This is much more than an investment interest for us. We expect to play an important role in expending BTC's programming facilities for their corporate clients." The other original investors in the Business Television Corporation are Swedial — part of Swediah Telecoms International IC Pennagy Communicational IC Pennagy Communications. cable franchise. Mr Julian Costley, managing director of the Business Television Corporation, said yestertional, IC Penney Communica-tions, part of the US retail group, and Private Satellite Network, a builder of private day, the company hoped to launch its first specialist television services in the autumn

recently issued Birmingham

D.G. Durham, the USM-quoted ended November, which Lloyd's broker created when NGV Group Holdings reversed into loss-making Derek Bryant

following a pilot during the

last July, is acquiring two Himois-based retail insurance brokers, The Hedeker Agency and Redeker Home Agency, writes Clare Pearson.
The purchase is being made through Durham's Insurance Coverages (ICL) subsidiary. Payment to the vendor, Phoe-nix Financial Corporation, is being satisfied by the issue of 1,322 ICL shares. Consideration is roughly equal to retained net commissions for the year-

Durham acquires two US brokers

satellite networks in the US.

ended November, which totalled \$450,000 (£257,400). The Redeker Agency is involved mainly in commercial property, casualty and employee benefit insurance, while Redeker-Home is involved in personal insurance. Durham raised £3.19m via a rights issue, at the same time.

rights issue, at the same time as the reverse takeover by NCV, a marine, crep and pro-fessional indemnity concern. Last reported results showing pre-tax losses of £917,000 (£70,000) for the six months to end-June 1988 related to the Dereit Bryant era.

Leucadia claims 71.3% of Cambrian

Leucadia National The new total results partly
Corporation, the New York from share purchases made in
based group which raised its
offer for Cambrian & Camaria

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| | | Current payment | Date of payment | Corres - ponding dividend | Total for year. | Total last year |

Dividends shown pence per share not except where otherwise si Equivalent after allowing for scrip issue, 10n capital increased by rights and/or acquisition issues. §USM stock. §SUnquoted stock. §Third

BOARD MEETINGS

SPONSORED SECURITIES 103 Bray Technologies ... 100 Brembill Court Pref 7.2 3.5 2.0 36.8 2.8 13.2 10.1 2.9 10.3 7.5 6.0 9.4 Torrier & Carlisle Coor Pref.

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Prices taken at 5pm and change is from previous close at 9pm

Going private would lead to more aggressive expansion

Tyzack may agree £42m buy-out

TYZACK, the restructured Shsffield-based engineering group. has received an approach from management which may lead to a \$42m offer

for the company.

The management team, comprising two directors of the main board and the general manager of s division, is proposing to offer 210p cash per share. This compared with yesterday's closing price of 200p,

np 35p. Mr Bill Eastwood, chairman of Tyzack and a major force behind the restructuring, indicated that the board was likely to recommend acceptance of the offer if certain unspecified conditions were met.

Mr Eastwood was instrumental in mounting a challenge to the former board of Tyzack in mid-1987 and took effective control of the company later

through acquisition which has broadened its activities in precision components engineer-

Tyzack made its biggest move into the European filter manufacturing and distribu-tion market last December with the acquisition of Eurofiltec of France for £10.9m. Its biggest shareholder is the

Kuwait Investment Office with 14 per cent followed by Quail Investment Company, a Baha-mas-based company which has a director of Tyzack on Its board, with 10 per cent of the capital. The 50 largest shareholders control between 80-85 per cent of the capital.

Mr Eastwood said he did not consider the terms of the buy-out to be "generous". The 210p price was arrived at after dis-

Since then, the company has followed a path of expansion Tyzack share price (pence)

cussions between the board and the management team and was delivered last Monday. Mr Garry Goodwin, a mem-ber of the buy out team, said he had received indications

1987

that the board would agree to the terms. "Ws believe that the offer is fair and generous but I can't say how the market will value it," he said.

He declined to give any details of the financing until the formal offer document is presented.

The other members of the team are Mr Christopher Medler, the finance director who joined the board last July, and Mr R Spender, who is general manager of the blast equipment division.

ment division.

Mr Goodwin said thet by going private Tyzack would be able to pursue more aggressive rontes for expansion with greater concentration on long term objectives.

He stressed the potential for the company to the filtration market, particularly in conti-nental Europe following the recent French acquisition.

at a record level, much of the benefit would not be felt until

It is hoped that Ray Technol-ogies, the subsidiary which makes sterilisation and food

preservation equipment using X-ray technology, may benefit from recent controversy over

salmonella and listeria contam-

Tax took £463,000 (£379,000). The interim dividend is set at

currency movements.

the next financial year.

satisfactory performance dur-ing the second half. Exports to the US were at a substantial son would limit the impact of Although the order book was

ond half of the current year. Munksjo, a quoted company believes that this acquisition its first outside Scandinavia makes it the second largest paper and packaging company in Europe after DRG.

Anglovaal to

holding as a long-term invest-ment and had no intention of making a general offer.

additional 5m shares.

If the disposal goes through, Apex said it planned to raise

Swedes buy loss-making Chapman **Industries**

By David Waller

MUNKSJO, a Swedish paper and packaging company, yes-terday emerged as the buyer of Chapman Industries, the loss-making UK company involved

in the same activities.

Munksjo is making an agreed hid valuing Chapman at £18.5m. The hid is pitched at £25p a share in cash with a at 423p a some in cash with a loan note alternative, against a price of 250p on January 20 when Chapman said it had received a number of offers which could lead to a take-

over.
Yesterday, Chapman's shares jumped from 350p to 420p, suggesting that a higher bid from another party is thought unlikely by the market. Shareholders with 30.4 per cent of the equity have accepted the bid and the Swedish company has acquired a 9.4 per cent stake.
Chapman, best known as a manufacturer of envelopes, suffered a pre-tax loss of

manufacturer of envelopes, suffered a pre-tax loss of £278,000 during the six months to the beginning of last October. It had made a pre-tax profit of £1.83m on turnover of £38m in the year to the end of March.

The bid is worth some 14.3 times last full-year earnings, and is set at a premium to the company's asset value of

company's asset value of £15m. The company has pre-dicted a turnaround in the sec-

buy N. Sea & General stake

Anglovaal, the South African mining group, has conditionally agreed to buy a 29.9 per cent stake in North Sea & General, a diversified resources group, from Apex

Anglovaal said it viewed the

making a general older.

The purchase of 23.27m shares at 56p, compared with yesterday's market price of 47p, will leave Apex owning 5.5 per cent of NSG, with an option to subscribe for an

cent through market pur-

Clydesdale Investment Trust launches hostile bid for BGT

By Philip Coggan

CLYDESDALE INVESTMENT Trust yesterday launched a bid for Baillie Gifford Technology, the specialist trust investing in high technology stocks.

The offer was immediately rejected by BGT and the stage rejected by BGT and the stage is set for an Anglo-Scottish clash between the Marchant Navy Officers' Pension Fund, which manages Clydesdale, and Baillie Gifford, which man-ages BGT.

News of the bid followed a

statement on Monday from BGT that it had received a hid approach from Clydesdale, a general trust which already owns 24.9 per cent of BGT's equity.

Analysts at County NatWest

8% per cent convertible unse-cured loan stock in Clydesdale with a cash alternative. As is common in hids for investment trusts, the value of the offer is based on a formula asset value

(FAV) for BGT.

The loan note offer is equivalent to 98.5 per cent of BGT's FAV and the cash alternative is equivalent to around 98.8 per

is equivalent to around \$4.3 per cent of the FAV.

The most significant difference between the FAV and the net asset value is the level of compensation payable to Baillie Gifford for termination of its management contract to the event of a Clydesdale victory. Haillie Gifford has a three year contract, and receives a fee Analysis at County NatWest
WoodMac estimated yesterday
that BGT's net assets were
film or 99p per share.
The offer is in the form of

that unlisted investments, which are difficult to value.

which are difficult to value, represent around 38 per cent of BGFs portfolio.

Ballite Gifford argues that it has made s' substantial contribution to the management of several companies and the Clydesdaffe effer does not reflect the full potential of those invisaturants.

reflect the fill potential of those investments.

In addition, Baillie Gifford attacked what it described as the "poor performance" of Clydesdale since Merchant Navy assumed management in August 1987. Clydesdale says it will integrate BGT's portfolio with its own if its offer persistent acceptreceives sufficient accept-

resterday, BGT's shares were trading to lower at 93p in mid-afternoon trading, while Clydesdale's rose 1p to 99p.

Restructuring pays dividends at Stormgard

Boddington sees froth in

nursing homes business

BODDINGTON GROUP, the merged to form a new Health

Manchester-hased real ale brewer, is following fellow concern Vaux by diversifying into

STORMGARD yestsrday heralded payment of its first dividend for more than 25

The group also announced its largest purchase in the printing supplies and stationery field since it began restructuring its operations a year ago. Fairholt, a specialist stationery and printing busi-ness, will be bought for £11.1m

The deal means more than 75 per cent of Stormgard's annual sales and operating profits will come from the stationery divi-sion and the balance from the once-troubled textiles opera-

The group intends to recom mend payment of a 0.1p final dividend in the year to March

In 1985, Mrs Jennifer d'Abo used Stormgard, then a shell company, as a vehicle for a fiercely-fought £15m takeover of Selincourt, a struggling fashionwear and fabric group. Selincourt shareholders who accepted Stormgard shares in the bid have had little to smile

It is acquiring control of Country House Retirement

Homes for an initial consider-

ation of £8m, with a contin-gency liability of between £3m and £5m depending on profit

performance.
In a separate deal, it is buying NHCS, another nursing home husiness, for £1.1m and

redeeming loans to the com-pany totalling £9.86m. Vaux, based in the north

east, recently entered the nurs-ing home market identifying homes for the aged as a logical

extension of its Swallow Hotel

group.
Country House which oper

about since. Mrs d'Abo was ousted from the board in 1987, after the group dropped into losses and it only returned to profit in the six months to Sep-tember 30, making £203,000 before tax. Yesterday's deal brings sev-

eral new institutional inves to the share register. In addi-tion, Mr Tony Boyden, Fairholt chairman, will join the Storm-gard board with just under 10 per cent of the enlarged equity. About 18.4m new ordinary shares will be placed with institutions at 14p per share, compared with yester-day's closing price of 15p down %p. A further 61.2m shares will be held by Fairholt's ven-

Stormgard also said yester-day that E & A Richards, a textiles subsidiary, had received some good orders from its major customer, Marks and Spencer, and would be retained for the time being. Stormgard had considered disposing of the business after it had a disappointing first

Maxwell plans \$1bn of further disposals

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Party

By Raymond Snoddy

SHAREHOLDERS of Maxwell Communications Corporation have been told by Mr Robert Maxwell, the publisher and chairman of the group, that he plans further disposals of more than \$1bn (£572m) following his acquisition of Macmillan the US publisher, and the pur-chase of the Official Airline Guides from Dun & Bradstreet.

Mr Maxwell has already sold up to \$1bn-worth of business in the past few months to help finance the two large US acquisitions which together cost \$3.35bn. Shareholders were told that

shareholders were told that among the businesses the company intends to sell are three TravelAge magazines produced by OAG and four Matemilian companies of divisions. They are Direct Marketing Division, a professional book club; Gump's, a speciality store and mail-order company, the Kath-

mail-order company; the Katherine Gibbs secretarial colleges; and the Technical School division which specialises in vocational training.

The UK publisher also expects both Macmillan and OAG to be consolidated as Maxwell Communications subsidiaties before the end of this year — although probably not before March 31, the end of the current 15-month accounting current 15-month accounting

The company has undertakings that until the two companies are consolidated, Maxwell Communica-tions will not enter any further off-balance sheet acquisitions.

the largest UK operators of expansive end of the market

Ansbacher buys ITG for £8.58m Henry Ansbacher Holdings is expanding significantly its net-work of offshore banking and trust companies through the acquisition of international Trust Group for \$15m (£8.58m)

. Together the two acquisi-tions make Boddington one of

companies, formerly owned by an international consortium of

ITG comprises a group of Caribbean trust and banking

FT-6E 100 ...

A substantial surplus on property revaluation la reflected in the consideration, which is about equal to the current net tangible asset value.

MONTHLY AVERAGES OF STOCK INDICES Finencial Times Government Securiti 96.62-1543.5 Fixed Interest 97.25 1438.4 1493.4 172.4 Gold Mi 165.9 170.5 SEAQ Bergeine (5 p.m.) F.T.-Actuaries 994.82 1064.79 1034,07 696.67 914.63 948.92

1769.7

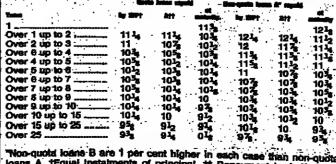
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|------------------------------|---|---|
| Ordinary All-Share FT-SE 190 | 1674.4(31et) 1054.97(31et) 2061.8(31et) | 1447.8(3rd) 921.22(3rd) 1782.8(3rd) |
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Schlumberger

New York, New York, January 26 – The Board of Directors of Schlumberger Limited today declared a quarterly dividend of 30 cents per share on outstanding stock. The dividend is psyable April 7, 1989 to shareholders of record March 6, 1989.

The Board also authorized a stock repurchase programme which allows the Company to purchase up to 10 million shares, on the open market. The purchase may be made from time to time, depending on market conditions.

PUBLIC WORKS LOAN BOARD RATES



Non-quota loans B are 1 per cent higher in each case than non-quota loans A. 1Equal instalments of principal. 11 Repayment by half-yearly annuity (fixed equal half-yearly payments to include principal and interest). § With half-yearly payments of interest only.

Weekly net asset Tokyo Pacific Holdings (Sespondi NV on 30.01.89 was US\$ 178.21 Listed on the Amsterdam

By Clare Pearson

stake to 21.9% By Clare Pearson

Bromsgrove

raises Ratcliffs

Bromsgrove Industriss. acquisitive engineering and financial services group, con-tinues to pick np shares in Ratcliffs (Great Bridge), the copper and brass strip maker. A purchase earlier this week of a further 700,000 shares

raised its stake by 1.5 per cent to 21.87 per cent. Mr Roger Ash, Ratcliffs' finance director, said his company was "fairly amicably inclined" towards Bromsgrove, which had indicated it wished to continue as a substantial shareholder. The Ratcliff fam-

ily speaks for 54 per cent of the shares. Bromsgrovs originally bought two hig chunks of Ratcliffs: shares last year. In November it bought the 8.75 per cent stake held by Sir Ron Brierley's Industrial Equity

This came on top of the August purchase of an 11.62 per cent holding from Arbuthnot Latham, owned hy NZI Corporation, the New Zealand financial services concern in which Sir Ron used to have a

38 per cent stake.
Bromsgrove's results for the six months to end-September revealed a net profit of £262,000 on the sale of its investment in Banro Industries, the maker of metal and glazed products.

Aerospace advances to £1.32m

at £10.24m (£8.92m) and operat-

AEROSPACE ENGINEERING, chiefly a precision engineer, achieved a 31 per cent rise in pre-tax profits from £1.01m to 21.32m in the half year to end-October. But a enhstantial increase in its chare capital meant that earnings per share growth trailed behind at just

over 7 per cent.
The figures did not contain contributions from the two additions made last autumn to the company'e gas turbine and testing arm - John Curran, South Wales maker of test rigs, and Laverne L. Anderson, the mould tool manufacturer.

The pre-tax advance came mostly from a reduced interest charge of £122m (£212m) following last year's £4m rights issus, but turnover was also higher

EPICURE HOLDINGS, the

engineering and construction services group based in the UK and Sweden, is strengthening

its piston ring interests through the acquisition of Industriale, an Italian manu-

facturing company, for L7.31bn

The purchase will be satisfied by a £2.3m two-for-nine

rights issue at 22p per share and the sale of Grimaldi Mek-

aniska Verkstad (GMV), Epi-

NOTICE OF REDEMPTION

To the Holders of

TEXAS INSTRUMENTS

INTERNATIONAL FINANCE N.V.

11%% Guaranteed Notes Due 1991

NOTICE IS HEREBY GIVEN to the holders of the outstanding 1178% Guaranteed Notes Due

NOTICE IS HEREBY GIVEN to the holders of the outstanding 11%% Guaranteed Notes Due 1991 of Texas Instruments International Finance N.V. that, pursuant to the provisions of the Fiscal and Paying Agency Agreement dated as of March 15, 1984 and the Terms and Cooditions of the Notes, Texas Instruments International Finance N.V. iotends to redeem on March 15, 1989 all of its outstanding Notes, at a redemption price equal to 100% of the principal amount thereof plus accrued interest to the redemption date.

Payments will be made on and after March 15, 1989 on presentation and surrender of the Notes together with any appurtenant Coupons maturing subsequent to March 15, 1989 in U.S. Dollars, subject to applicable laws and regulations, either (a) at the office of the Fiscal and Paying Agent in New York City, or {h} at the main offices of Morgan Guaranty Trust Company of New York in Brussels, Fronkfurt am Main, London, main offices of Swiss Bank Corporation in Basle or Kredtethank S.A. Luxembourgeoise in Luxembourg. Coupons due March 15, 1989 ahould be detached and collected to the usual manner.

Bearer Notes surrendered for payment should have attached all unmatured coupons. Interest accrued to March 15, 1989 will be paid to the registered Noteholders in the usual manner.

Payments at the office of any paying agent outside of the United States will be made by check

rtification when presenting your securities for payment.

From and after March 15, 1989 the Notes will no longer be outstanding and interest thereoo

cure's Swedish precision engi-

By John Thornhill

(£3.2m).

ing margins improved.

The company, which derives about 60 per cent of its business from sources connected with the aerospace industry, operates in four markets: airframe components, gas turbine tooling and testing, printed cir-cuit boards, and nuclear safety

Mr John Davis, chief executive, said Aerospace hoped to announce at least one further acquisition before the year-end. This could be of almost any type of high technology com-

pany. Mr Quinton Hazell, chairman, said improved market conditions within the aerospace and gas turbine sectors would provide the basis for a

1.56p (1.26p). On a fully-diluted Italian expansion for Epicure

> 30.15m (£2.74m), plus repayment of borrowings totalling SKr 1.57m. After these two deals, Epiof piston rings and valve seats for marine diesel cure's borrowings will be about £6.2m, which the board considers inappropriate at a time of high interest rates, prompting its decision to raise additional

equity capital. The directors and major chareholders have agreed to

TEXAS INSTRUMENTS

INTERNATIONAL FINANCE N.V.

By: MORGAN GUARANTY TRUST COMPANY

subscribe for 37 per cent of the rights issue, which is under-written by PK English Trust. neering business, and its associated companies for a total consideration of SKr Industriale, based in Genoa, specialises in the manufacture

> As part of the Fiat group, it made pre-tax profits of £197,000 on turnover of £4.4m for the 10 months to October 31 GMV is being sold to Mr Sal-

vatore Grimaldi, its former owner and a former director of meved pre-tax pro

SKr 2.59m on turnover of SKr 42.3m in 1987.

Ultramar said the rise in its share price presented the first opportunity since the bonds were issued to redeem them under the terms of the trust

This is because the average

309p. Mr Robert Martin, corporate bonds was unrelated to the

current possible takeover situ-ation, in which a Canadian concert party has built a 4.27 per cent stake.

ULTRAMAR, the UK oil group recently subject to takeover

date, the new chares would amount to 4.66 per cent Ultramar'e enlarged share capital.

The redemption price is 105 per cent of the principal amount, which totals 237.98m, plus accrued toterest.

ehares yesterday rose 4p to affairs co-ordinator, said that the decision to redeem the

Ultramar unveils early convertible redemption

on March 20.

speculation, yesterday said it would redeem all outstanding convertible bonds due to 2002 If fully converted by that

share price for the 30 days prior to January 30 was, for the first time, greater than 130 per cent of the conversion price. Holders of the bonds may convert by March 10 at a conversion price of 224p. Ultramar

country House which operates six nursing homes in the south east of England with a total of 232 beds, made pre-tax profits of £90,000 in 1987. NHCS, whose five homes operate under the name of Clare House, has 211 beds. It incurred a deficit of £244,000 in the year to end-June the year to end-June The husinesses will be

EFT moves swiftly to appoint Stevenson as new chairman

By James Buxton, Scottish Correspondent

MR PETER Stevenson, a leading Scottish merchant banksr, yesterday became executive chairman of EFT Group, the Edinburgh-hased financial services company for-merly known as Edinburgh Financial Trust.

EFT has also bought all the chares of Stevenson Trust, Mr Stevenson's investment bank-ing and corporate company. EFT is to issue 2.8m new shares to Stevenson Trust, giv-ing the charcholders of Stevenson Trust - Mr Steven-son's family - 9 per cent of EFT. Based on EFT's January 30

share price of 41p, the deal values Stevenson Trust at £1.15m, 11 times its earnings for 1988. The deal is conditional on Stevenson Trust having audited pre-tax profits for the year of at least £160,000. Earlier this week, Mr Hugh Barry resigned as acting chair-man of EFT and left the com-pany, but retained his 835,000

shares. He is to pursue his activities in corporate finance independently.
Mr Hamish Grossart, EFT managing director, said he thought Mr Stevenson's ability, experience, clisht base and connections would complement the existing strengths of EFT. He said he aimed to make EFT into a leading UK merchant bank with a Scottish base. He boped to establish a presence in London within the next 12 months, possibly through an acquisition or by finding a financial partner. "We want to

become comparable to the non-market-making merchant banks like Flemings, Charter-house or Lazards," he said. Mr Stevenson, who is 41, was for 17 years with Noble Gros-sart, the Edinburgh merchant bank. He left in 1986 in order, as he puts it, to "take stock" of his life. He pursued some corporate finance activity and formed Stevenson Trust last

Mr Grossart, 31, is a nephev of Mr Angus Grossart, chair-man of Nohle Grossart. He took control of Edinhurgh Financial Trust in early 1987 through a reverse takeover by First Northern Corporate Finance, a company which he founded with Mr Barry after they both left Noble Grossart in 1982

in 1983. Edinburgh Financial Trust, which had been performing badly, gave up its trust status shortly afterwards and renamed itself EFT Group. It swiftly expanded into three divisions - corporate finance, asset management and invest-ment management, the last through Glasgow Investment Managers. The company had

net assets of £10m at the end of

Although Mr Barry was executive deputy chairman and acting chairman of EFT, Mr Grossart was chief executive. Mr Barry is understood to have felt that the expanded EFT Group, with several senior executives, was unsuited to his style as an independent corpo-

He is being allowed to take a number of corporate clients with him from EFT.

Over 1 up to 2 Over 2 up to 3 Over 6 up to 4 Over 4 up to 5 Over 5 up to 6

This announcement appears as a matter of record only

CENTAUR COMMUNICATIONS LIMITED RECOMMENDED OFFER FOR LINGUAFHONE GROUP PLC

> Ernst & Whinney acted as financial advisers to Linguaphone Group PLC's Board of Directors and assisted in negotiations.



Ernst & Whinney is authorised by the Institute of Chartered Accountants in England and Wales to carry on investment business. Our principal place of business in the U.K. is Becket House, I Lambeth Palace Road, London SE1 7EU.

Payments at the office of any paying ageot outside of the United States will be made by check drawn oo, or transfer to a United States dollar account with, a bank in the Borough of Manhattan. City and State of New York. Any payment made by transfer to an account maintained by the payee with a bank in the United States may be subject to reporting to the United States Internal Revenue Service (IRS) and to backup withholding at a rate of 20% if payees not recognized as exempt recipients fail to provide the paying ageot with an executed IRS form W-8, certifying under penalties of perjury that the payee is not a United States person or an executed IRS form W-9, certifying under penalties of perjury the payee's taxpayer identification number iemployer identification number or social security number, as appropriate). Those holders who are required to provide their correct taxpayer identification number on IRS form W-9 and who fail to do so may also be subject to a penalty of \$50. Please therefore provide the appropriate errification when presenting your securities for payment.

Dated: January, 1989

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BRUARY ? IVE

UK COMPANY NEWS

Employee ownership – the driving force

Clare Pearson on the prospects for NFC following its market debut next Monday

the transport and dis Exchange, is that employee tribution group formerly control has been a significant, known as National Freight if unquantifiable contributor Consortium looks set to get off to the company's success over to a flying start.
Mr Robert Havand transport

analyst at stockbroker James Capel, estimates that, assum-ing market conditions do not deteriorate, early dealings could see the shares as high as 230p, which compares with ear-lier expectations of around

200p.
Yet higher prices could be in sight if overheating develops in what will be an extremely narrow market in the shares. NFC's fletation, since it is by way of an introduction, does not involve the issue of new shares although it is accompanied by a one-for-eight rights issue of 39.9m shares at a deep

discount of 130p.

The enthusiasm that is now expected cuts across earlier worries that institutions would be put off from buying by the unusual capital structure of the company, which was priva-tised via an employee buy-out

in 1982. After the flotation, employ-ees, who currently account for a majority of the equity, will through a special share effectively each have twice the voting power of external investors in certain circum-

The NFC management's justification for this arrangement,

EXT MONDAY's stock for which it had to gain special dispensation from the Stock the transport and dispensation from the Stock Exchange, is that employee

the past few years.

To the institutions on the other hand, while the arrangement is being mattractive as being offered disentranchised shares, it raises concerns about conflicts of interest between internal and external investors. over areas such as wage negotiations, closures, and, of course, a hostile

They have also expressed concern about the practical dif-ficulties of keeping the market informed about white in voting power as shares change hands

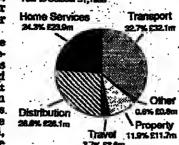
However, according to UBS
Phillips & Drew, joint arrangers of the issue, only a handful
of the 100 or so institutions spoken to have expressed serious misgivings about these problems. Such worries presumably can be laid aside if enthusiasm for buying the shares is strong

enough.
The level at which the shares will settle down on a shares will settle down on a longer term view is a more complicated matter. The main problem is that nobody knows how much stock will be made available to the market by the existing shareholders.

Institutional holders, accounting for shareholders.

accounting for about 17 per

Operating profit : Total £98.2m



Operating losses of \$7.5m relating to discontinued activities have been exc

cent of the shares, are almost certain to reduce their holdings over the next year. Many are venture capital funds which may be literally unable to hold on, although equally they are unlikely to dump

But the general view is that employees, who together with their families speak for about 65 per cent of the shares, will not be giving up their control in the short or medium term. However, pensioners and ex-employees and their families, who control about 18 per cent, are likely to be weaker holders.

It would certainly be reasonable to expect a chunky pro-portion of the rights issue to find its way into the market. UBS Phillips & Drew estimates as many as 50 per cent of the

shareholders, who have until February 24 to make up their minds, will not take up their

he attraction of NFC, which with a market capitalisation of well over £700m will be a sizeable addition to the transport sector, derives mainly from its position in the distribution business: a "value-added" function that has developed out of old-fashioned haul-

Enthusiasts for the business believe companies involved in it should provide above-average growth over the next few ars. Led by the food retailers in the early 1980s, the switch from own-account distribution operations to use of third-party contractors is by no means complete among UK compa-

In continental Europe, domestic distribution (rather than cross-border trucking) as yet trails behind the sophistication of the British operators But establishing what would be a reasonable rating for the shares from this point of view is not a simple matter, since no quoted company is exactly comparable, and ratings in the ector are spread across a broad spectrum.

The rule-of-thumb comparison is with Transport Development Group, the distribution and storage company with a market value of about £385m. But this company's manage ment structure is entirely dif ferent, and its earnings growth is slower, though it has a much stronger European presence

Christian Salvesen, with a market value of around £460m. is even more of an inexact comparison because its range of transport and distribution activities is narrower, and it is is also involved in unrelated

The purest comparison from a distribution point-of-view is Tibbett & Britain, but this is a small company with a thin market in its shares.

evertheless, analysts suggest at 230p NFC's shares do not look overpriced, though 220p would be more comfortable. At the higher price they stand on a premium prospective p/e of about 12½ for the current year, and provide a yield of 4½ per cent. Adjusted for differing year-ends, this means the p/e is about 2 percentage points higher, and the yield about 1 percentage point lower, than

However, if ever a stock was likely to prove a volatile investment, this is it. Indeed, those inspired by NFC's debut to increase their weighting in the sector might prefer to take advantage of its "drag" effect on TDG and invest in that instead, thus avoiding the

ICI has bought the 10 per cent stake formerly owned by Milli-pore, a US medical-equipment supplier.

ICI's biological products division was formed in 1984 to take the company into new fields of biotechnology. Areas in which it is involved include protein-derived foodstuffs, disposable plastics, waste-disposal techniques, preservation agents for silage and biotech-nology-based methods for making chemicals used in drugs.
Mr Russell said the division

biological

IMPERIAL CHEMICAL

Industries, Britain's biggest

chemicals group, yesterday announced a significant move

into biotechnology through

the purchase of Cambridge Research Biochemicals, which

sells biochemical reagents.
The Cambridge-based com-

pany — which was bought for an undisclosed price and has annual sales of about £2m —

will form part of ICI's biologi-

cal products division. The

number of staff at the division, which is based at Billingham,

Teesside, will rise from 250 to

Mr John Russell, general manager of the biological

products unit, said the pur-chase would strengthen ICI's

capability in techniques to

produce new types of biochem-icals used in areas such as drugs and laboratory instru-

Cambridge Research Biochemicals specialises in mak-ing specific fragments of bio-

logical materials called

peptides which have a variety

As part of the acquisition

of applications.

division

By Peter Marsh

had recently been given the go-ahead by the main board to expand its activities in a number of areas. He did not, however, want to

reveal sales targets nor divulge the division's current turnover The division is spending

£10m on a fermenter on Tees-

side which will make some of its new products. It also has sales or technology agreements with about 25 companies outside the ICI

REALTIME SHARE & TRADED OPTIONS PRICES ICI adds to activities of

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BIM buys 24.9% of **New Tokyo Trust** By Clay Harris

BISHOPSGATE. Investment Lord Donoughne and two col-Management, which administers the pooled pension funds of Marwell group companies, has bought a 24.9 per cent stake in New Tokyo Invest ment Trust

New Tokyo was recently converted to "track" the First Section of the Tokyo mar-

ket.
The shares were bought from London & Bishopsgate Holdings, a private company in

had the " welling the out while !

Lord Donoughne and two col-leagues.

At yesterday's market price of 161p, the New Tokyo holding was worth £17.6m.

LBH, which successfully campaigned to change New Tokyo into a passively managed tracking fund, retains a 3 per cent interest in the trust.

The shares were bought tondon & Bishopsgate Interfrom London & Bishopsgate international, LBH's fund manage Holdings, a private company in the subsidiary, took over which Mr Robert Maxwell personally has a 75 per cent interferent Edinburgh Fund Managest, with the rest owned by ers in January.

Downturn at **West Industries**

Pre-tax profits at West Industries, the engineering, construction and pest control group, declined 16 per cent to £183,000 in the six months to

nd-September. Mr Mel Morris, who took over as chairman last August, said the results did not reflect the impact of the group's new management, appointed in September. This had contributed to strong order books which "promise well for the second half".

The outcome came on turnover 16 per cent higher at £7.77m (£6.67m). Earnings per 5p share dipped to 0.89p (1.24p) and the interim dividend is maintained

Ballyvesey takes a drive into Europe

By Clay Harris

BALLYVESEY HOLDINGS, a private transport group based in Northern Ireland, has taken its first step onto the Continent with a 50 per cent stake in CBV Blumbardt Fahrzeuge, a West German trailer manufac-

The price paid for Wupper-tal-based Blumbardt, which has annual turnover of some DM40m to DM50m (£12m to £15m), was not disclosed. It ranks in the top seven German trailer makers Mr Wilson McClelland, Bally-vesey financial director, said

his company expected benefits from Blumhardt's national service network and its export contacts. In the run-np to 1992, each company expected to ben-efit from the other's knowledge of national standards.

Ballyvesey already owns Sheffield-based Craven Tasker, the third largest UK trailer manufacturer, and Montracon, the Ulster manufacturer which specialises in trailer chassis. It also owns Montgomery Transport, a haulage company, and the Belfast Ford dealer J.E.

rection to from a new beauth, year, although the second se

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COMMODITIES AND AGRICULTURE

Coffee fall sparks talk of quota cut

By David Blackwell

COFFEE prices in London yesterday fell sharply, taking their cue from a steep over-night fall in New York. The second position robusta

futures contract shed £31 to close at £1,132 e tonne. The fall in New York arabica prices on Tuesday raised spec-ulation that the International Coffee Organisation (ICO) will have to cut total export quotas soon. A cut will be triggered if the ICO 15-day average indica-tor price falls below 120 cents a lb. Yesterday the indicator stood at 123.43 cents a lh.

while the composite daily price was 121.46 cents a lb. Paradoxically, the fall in the London robusta market is being driven hy the withdrawal of speculative money from New York's arabica mar-

ket at a time when robusta supplies are tight because of late deliveries from Africa. Under the current structure of the ICO export quota rules, any cut is likely to be borne entirely by the robusta produc-

ing countries.

At present the ICO global export quota stands et 58m bags. However, shipments are behind schedule. The latest figures show that total ICO exports to member countries for 1988 totalled 52.6m bags the lowest level for five years. Meanwhile a routine session of the 1CO executive board

ended yesterday with no sign of progress towards a new coffee agreement. The full negotiating group meets on February 20. The current agreement Freeze adds to US

wheat crop worries

By Deborah Hargreaves in Chicago and Nancy Dunne in

ARCTIC COLD air from Alaska yesterday barrelled into the lower 48 states, creating new concerns for an already eodan-gered US winter wheat crop.

In the heart of the country's hread basket - Nebraska, Kansas and Colorado - extremely dry, warm weather has been depriving the young crop of its usual insulating snow cover. Without the protection of snow, wind damage has been extensive, and the warmth has brought both insects and evaporation of the little rainfall

Now farmers are worrying that the frigid air will kill their crope, according to Mr Joe Christopher, a wheat analyst at Linnco Futures in Chicago. The polar air outburst, accompanied by snow, driven by winds over 100 mph, could further damage the already

stunted crop.

Meteorologists say that about one-third of the country, still has not recovered from last summer's drought. According to the US Wheatgrowers, parts of the US have received 25 inches less rain than average in the last 22 months. The northern Great Plains and nortbern Rockies need as much as 8 inches more than normal rainfall to end the

The Federal Reserve Board, in its beige book of last week. also noted worries about continued dry weather. The Dallas Federal Reserve reported that the winter wheat crop has already suffered damage, and the Kansas City and St Louis threatened the wheat crop in their districts.

In parts of the Northwest, like North Dakota, recent pessimism about the crop dissolved with two recent beavy winter snowotorms, which

added two to four inches of precipitation, but much of this was blown away.

While good spring rains could still rescue large parts of the crop, some local Kansas analysts say that even with analysts say that even with good rainfall, yields could drop by a third from the normal 35 bushels per acre.

The winter wheat crop, which comprises three-quar-ters of the total US wheat harvest, was already on its way to being lower than many analysts had projected. The US Agriculture Department last month reported winter wheat seedings at 54.5m acres, well below expectations but above

last year's 48.8m acres. Mr Christopher said the US needed a humper crop this year "to avoid running out" of some categories of wheat. Stocks, lowered by strong subsidised exports and acreage reduction programmes, have already sunk to the lowest levels since the 1970s. On December 1, the US

Department of estimated wheat stocks at 1.7bn hushels, down from 2.5hn the previous December. Stocks of durum wheat, hit hard by last summer's drought, have fallen to 93m hushels from 120m hushels · Wheat futures prices plunged in Chicago yesterday, wiping out four consecutive days of gains. "It's hard to sustain a market purely on weather and we just ran out of steam," said one trader late last night.

China faces shrinking cotton production

By Colina MacDougail

CHINA'S COTTON output faces a bleak future as acreage oown this year shrinks and farmers turn to more profitable crops, the China Daily said yesterday.

Textile mills in China's northwest are already short of

raw cotton and the deficit is likely to bite harder. The bundreds of new mills built in recent years as permitted by reform policies will aggravate

the shortage.

Acreage in China's three biggest cotton growing provinces, Shandong, Hebei and Henan. has fallen by 15 to 20 per cent. while oimilar drops are reported from other provinces. Last year output fell to 4.1m tonnes from 4.25m in 1987, nearly a third below the peak figure of 6.26m tonnes in 1984. In the following three years textile exports rocketed, so that by 1987 at \$9.54bn they made up nearly a quarter of made up nearly a quarter of China's total exports. China had been a substantial importer of raw cotton up to

1983. While China has suffered serious weather difficulties in the last couple of years, the problem mainly lies in government payment policies. Farmers say that what they earn from cotton growing no longer covers labour and input costs. The current purchase price is only yuan 176 per kilogram,

compared with yuan 191.3 in

1983. Chemical fertiliser and protective plastic film have been scarce, and their prices steadily rising. Grain prices on the free market, and prices generally, have escalated sharply, causing real hardship. Not surprisingly, cotton farmers have turned to growing

economic reform was quick to boost farm output as the old communes were dissolved and peasants allowed some freedoms to plant what they liked. However, in 1984 the reform was carried a stage further with all controls on planting relaxed, and they were quick to abandon mainstays like grain and cotton for more profitable

Neither of these mainstays has recovered anything like its 1984 figures. Grain only reached 393.7 m tonnes last year, compared to the 1984 high of 407 m tonnes. China would like cotton output to settle at 5 nnually but tms get is still a long way off • China lost \$36m in 1987 and 1988 because different firms against each other to huy wool in Australia and New Zealand. the official International Business newspaper said, Reuter reports from Peking.

Australian gold rush falters

Chris Sherwell examines the impact of declining prices

USTRALIA'S THIRD Gold Rush, under way since 1985, is beginning to falter under the impact of weak bullion prices, a strong Australian dollar and heavier

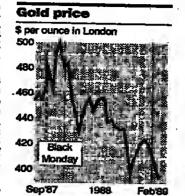
Australian dollar and heavier tax obligations.

The change in sentiment has not been not sudden, but it is certainly real. Over the past 15 months the world gold price has fallen 16.5 per cent, from US\$480 a troy ounce to less than US\$400. But for Australian producers the strength of lian producers the strength of the local currency has turned this into a 40 per cent fall, from A\$750 to A\$450 an ounce.

This may be well ahead of production costs for estab-lisbed mines, but for new entrants with higher costs and rising borrowing charges, it makes mining prospects appear increasingly marginal. Also suffering from the recent trends are companies which have not made forward sales of their ontput at the higher prices prevailing ear-

The lack of protection means their revenues are now falling unless they can increase their output directly or "high-grade"

their orebodies.
In fact this is already hap-pening on a large scale, for quite a different reason – last year's government decision to remove the long-standing



exemption from corporation tax enjoyed by gold mining companies. The tax comes into effect in 1991, and every effort is being made to beat the deadline.

"Australian gold mining "Australian gold mining companies are caught between a rock and a hard place," one analyst commented yesterday. "At the very time they are maximising their revenues, they are facing a squeeze on price. Yet in 1991 they will have to pass the benefits of any gold price improvement to the Government."

The gold mining industry is still campaigning strongly

still campaigning strongly against introduction of the tax, even though the legislation has

now passed through Parlia-

now passed through Parliament. According to one analyst, however, the issue is of less importance than the recent price trends.

Most Australian gold development projects are now under review and that has reinforced the gloomy trend on the share market, where the gold index fell this week to 1,465 points, compared with 4,132 points before the "Black Monday" crash. One of the country's biggest

gold producers, Western Min-ing Corporation, revealed this

week that development of its Yandan gold project in Queen-sland had been postponed, as had work on ore bodies around Kalgoorlie in Western Australia, because of the higher Australian dollar exchange rate. Bnt analysts say Western Mining, because it uses a system of option floor pricing rather than forward sales to hedge against price fluctuations, is suffering because it is covered against bullion market rather than exchange rate

Companies which, by con-trast, have used forward sales to lock in an Australian dollar rate as well as a gold price, include ACM Gold and Dominion Mining. ACM in particular has sold its production up to three years forward at prices of up to A\$750 an ounce, so is in a more attractive position.

Homastake Gold, on the other hand, has a policy of not making forward sales. Yet it surprised many observers earlier this year by its agreement to share the risk with entrepreneur Mr Alan Boad's gold interests in developing Kalgoorlie's Golden Mile through the so-called "Big Pir Mr Bond is thought to have been financially squeezed by the falling Australian dollar gold price and the capital investments involved in developing the pit. With the Homestake deal, the developmant looks more likely to materialise, but some analysts still entertain doubts.

For any commany, the big

For any company, the big question is less whether to go shead than to decide the level

of production and cut-off grades which yield an accept-able return. But the broader worry is the longer-term future, first because mines will be developed more rapidly and less exhaustively, and second because of an inevitable slowdown in the exploration effort.

The result will be that more gold is left in the ground. Aus-tralian production could hit 178 tonnes this year, but is expec-ted to start slipping in the 1990s.

De Beers 'confident' over OFT inquiry

By Kenneth Gooding. Mining Correspondent

DE BEERS' Central Selling Organisation, which controls more than 30 per cent of the world-wide trade in rough (uncut) diamonds from its London base, yesterday formally responded to the news that its activities were being investigated by the UK Office of Fair Trading by saying: "We are confident that none of our activities infringe any regula-

activities infringe any regula-tory requirements.

Refering to the fact that the Referring to the fact that the OFT was acting on a complaint by Consolidated Gold Fields, the UK mining and industrial group, the CSO added. "Consolidated Gold Fields is, of course, not involved in any way in the diamond industry. There must be a question as to its interest in and knowledge of the workings of the industry."

The CSO also pointed out that the OFT inquiry "must be

The CSO also pointed out that the OFT inquiry "must be regarded as being at a very preliminary stage indeed.

The CSO had been selling diamonds from London offices for nearly 60 years, and employed 1,300 skilled personnel, demonstrating its commit-ment to the UK.

'Economic pragmatism' unlocks Guyanan wealth

Kenneth Gooding on efforts to boost earnings from gold and diamonds

THE GOVERNMENT of level local planners and policy Guyana, the third-poorest nation in the western hemisphere, believes the country could transform its economy by attracting for-eign investment to help unlock eigh investment to hap distort its largely untapped resources of gold, diamonds and timber. Gnyana was once ostracised

grain to recoup. In the early 1980s China's in the West because of its poor debt repayment record and the foreign policy of its outspoken former president, Mr Forbes Bornham. But since it started practicing its new policy of "economic pragmatism" several foreign gold mining companies have already embarked on exploration programmes.

However, Guyana is particularly anxious to attract increased interest from mining companies in western Europe, one of its major trading partners, and especially those in the UK, a country with which it has strong historic links. links. With this in mind, the Guy-

ana Geology and Mines Commission is organising a visit for European mining industry representatives to the country in February so that they can see for themselves what has already been achieved and get first-hand information from top

The commission believes the Europeans will then recognise that Guyana offers attractive investment opportunities, with potentially rich gold and diamond deposits, an English-speaking labour force and a high literacy rate (91 per cent). It also bas a Government which feels it has taken all the necessary steps to create a hospitable financial environ-

The Guyanan Government no longer insists on equity participation in mining projects except where previous explora-tion has been carried out. Then the Geology and Mines Commission is nominated to hold a small interest, normally not exceeding 15 per cent and not involving obligations to contribute towards capital require-

ment for foreign mining com-

Although the local Gold Board has sole authority to buy and sell gold produced in Guyana a mining company owned by foreign parents may be authorised to sell gold outside the country, provided sufficient metal has been sold to the Gold Board to cover all local expenses.

Corporation tax is 45 per

cent. capital equipment for

US MARKETS

IN THE METALS, e short covering rally

by local traders edvanced the gold,

650 points as stop loss selling sent

eliver and platinum markets, reports Drexel Burnham Lambert. Light trade

house buying was featured due to a falling dollar. Copper futures sank over

prices below support levels. The March

contract closed at 136.80c. In the softs, cocca was the most active market as

prices gained 35 on steady trade buying. Volume exceeded 8600 for the seasion. Sugar prices fell 20 points in

moderate volume, giving back some of Tuesdays gains. Coffee tutures elipped

on new short selling. Most of the grain markets were softer in quiet trading. Wheat futures had the biggest decline as prices fell over 8 cents. Some crush

spreading was noted in the soy

WORLD COMMODITIES PRICES



mining can be imported duty free and there is no barrier to the export of profits and dividends.

Currently Guyana produces gold on a very modest scale. Official production amounted to 21,424 troy ounces last year, the first time it had topped 20,000 ounces for 30 years. Unofficial production by subsistence miners - known locally as pork knockers - was undonbtedly well official total.

The recent improvement in the official gold production figures is almost certainly due to the higher prices now being paid by the state-owned Gold Board, which effactively which effactively boosted its price by 50 per cent

last year by setting it against the daily gold "fixing" price on the London bullion market and a apecial foreign exchange rate for the local currency.

The geological formations of

the Guyana Shield have been known as a source of gold and diamonds for some time. The granite-greystone terrains of the world, which are prolific gold producers, are well represented in more than a third of Guyana's 214,000

Moreover, the platform cover sequence that overlies the greenstone terrain in Guyana is a natural host for alluvial gold and diamond occurences which have been worked for over a century.

During that time an esti-

mated 3m ounces of gold was produced and output, at the peak reached 140,000 ounces in The recent changes which made gold production more-

attractive encouraged local diamond mining and this resulted in a substantial fallin output last year, to 7,420 carats from 9,147 carats in 1986 and 11,565 carats the previous

The Geology and Mines Commission has identified six

regions of prime exploration potential. This process has heen possible because all mineral rights are vested in the state. Extensive map coverage as well as records of previous exploration and development at more than 200 sites are available for inspection through the commission.

Among the new miners in Coulem Stars

market in the

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Among the new miners in Guyana is Golden Star Resources, a junior Canadian company formed in 1984 specifically to explore in Guyana. At one prospect, in Omai, the company has reached agreement for Placer Province and if the hierarchy New York. Dome, one of the biggest North. American mining groups, to finance and operate a mining

The SNC Group of Canada is also exploring and at Tassawini the Brazilian tin mining company, Paranapa-nema, has been involved in a joint venture with the Guyanan Government since 1984. Gold production is forecast to begin late next

Other foreign companies reputed to be interested in gold and diamond exploration in Guyana include Amax, Homes take and Freeport McMoRan of the US and Noranda and

LONDON MARKETS

CASH N(CKEL and three-month prices vesterdey closed down and at parity from the market (when traders buy tradine: some traders thought the operation probably reflected shipment delays. Other been metal prices were absence of eny fresh news from the physical aluminium sector prices were likely to continue to decline and test level. Copper retreated with Comex. Traders sald the Peruvien strike threat take their profits on whet appeared to be a eubstantially overbought market. Lead closed at the day's lows. The market was decressed further falls in North American list prices. Gold prices continued to retreet

| SPOT MARKETS | | |
|--|--|----------------------------------|
| Crude oil (per barrel FOB) | | + or - |
| Dubai Grent Glend W.T.I. (1 pm est) | \$14.10-4.20z \$16.45-6.56w \$17.87-7.42z | +0.20 |
| Oil products (NWE prompt delivery per to | onne CIF) | + or - |
| Premium Gasolice Gas Oil Heavy Fuel Oil Naphtha Petroleum Argus Estimates | \$185-187 9142-144 \$72-74 \$158-160 | +1 +1.5 -1 |
| Other | | + or - |
| Gold (per troy oz) 4 Oliver (per troy oz) 4 Platinum (per troy oz) Palladium (per troy oz) | \$382.5 586c · \$525.75 \$139.75 | -1.75 +2 +2.50 +0.25 |
| Aluminium (Iree market) Copper (US Producer) Lead (US Producer) Nickel (Iree market) | \$2285 148 ⁵ 8-153c 40c 610c | -30 -10 ² s +10 |
| Tin (European free market) Tin (Kusia Lumpur market) Tin (New York) Zinc (US Prima Western) | £4385 | + 1g |
| Cattle (live weight)† Sheep (dead weight)† Pigs (live weight)† | 141.45p | -0.38° + 0.93° -0.05° |
| London daily sugar (raw) London daily sugar (white) Tata and Lyle export price | \$257.8x \$285.5x £256.5 | + 15.6 +3.9 + 11.5 |
| Barley (English feed) Maize (US No. 9 yellow) Wheat (US Dark Northern) | £113w £133w £125.8v | + 9.5 + 0.85 |
| Rubber (spot)♥ Rubber (Mar)♥ Rubber (Apr) ♥ Rubber (KL RSS No 1 Feb) | 63 00p 72,50p 73,00p 315,5m | + 9.50 |
| Coconut oil (Philippines)§ Paim Oil (Malaysian)§ Copra (Philippince)§ Soyabeans (US) | \$407.5q \$370w | +7.5 +5.0 9 +1 |
| Cotton "A" Index Wooltops (64s Super) | 1 | -0.05 |

c-cents/ib. r-ringgit/kg, z-Mar, w-Feb, v-Apr

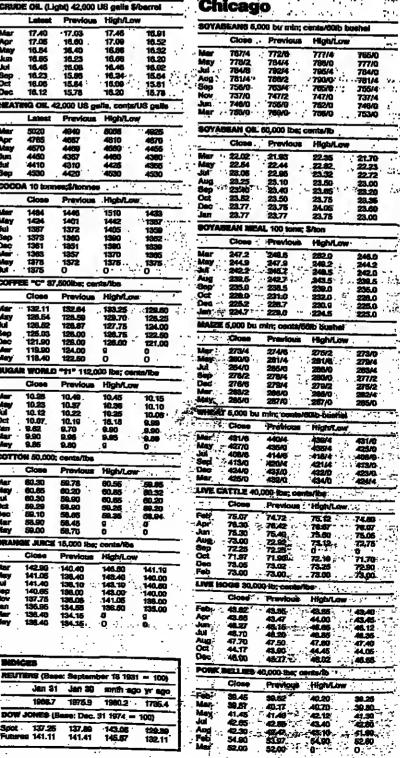
Commission average latstock prices. ' change from a week ego. *London physical market.

| coco | A E/tonne | | • | LONDON | METAL EXC | HANGE | (Pri | ces supplied b | y Amalgamate | d Metal Treding |
|---|-------------------|------------------------------|-----------------------------------|------------------|------------------------|-------------------------|------------------------|-------------------------|--------------|-------------------|
| | Close | Pravious | High/Low | | Close | Previous | High/Low | AM Official | Kerb close | Open Interest |
| Mar | 835 | 828 | 836 820 | Alumbelum | , 99.7% purit | y (\$ per tonne) | | | Ring turns | ver 18,125 tonne |
| May Jul Sep | 851 838 836 | 839 832 831 | 854 827 838 821 835 818 | Cash 3 months | 2225-30 2215-20 | 2285-90 2280-4 | 2235 2255/2200 | 2235-6 2225-6 | 2200-5 | 25,460 lots |
| Dec | 855 | 841 | 851 828 | Copper, G | rada A (E per | tonne) | | | Ring turno | ver 91,450 torsie |
| Mar May | 869 | 844 856 | 860 835 860 850 | Cash 3 months | 1868-70 1780-1 | 1903-6 1808-9 | 1895/1870 1800/1774 | 1887-8 1796-8 | 1778-80 | 64,179 lots |
| | | (665) lots of prices (SDF | 19 tonnes 1s per sonno). Daily | Silver US | cents/fine ou | nce) | | | Rin | g turnover 0 eza |
| price for Jan 31: 1063.00 1114.84):19 day average for Feb 1: 1090.81 1086.08) . | | | | Gash 9 months | 580-3 583-6 | 579-82 592-5 | | 577-9 590-2 | | 370 lots |
| COFFE | E E/tonne | | | Leed (E pe | r tonne) | | | | Ring turn | over 8,550 tonne |
| | Close | Previous | High/Low | Cash 3 months | 367-9 371.5-2 | 371-2 372.5-3 | 369 374/370 | 389-70 372-2.5 | 371-2 | 9,697 lots |
| Mgr May | 1172 1132 | 1198 11 63 | 1175 1162 1140 1125 | Nickel (\$ p | er tonne) | | | | Ring turn | over 7,290 tonne |
| Jly Sep | 1112 1100 | 1148 1138 | 1123 1105 1109 1095 | Cash 3 months | 17650-700 17650-700 | 17900-8000 17850-900 | 17700 18000/17600 | 17900-8100 17850-800 | 17600-700 | 6,340 lots |
| Nov Jan | 1100 1100 | 1130 1133 | 1107 1096 1107 | Zinc, Spec | at High Grad | e (\$ per tonne) | Ring turnover 4,450 : | | | |
| Turnov | er:4665 (3 | 477) lots of | 5 tonnes ents per pound) for | Çash 9 months | 1890-5 1825-30 | 1910-20 1855-60 | 1905/1890 1835/1830 | 1905-10 1840-50 | 1795-819 | 3,685 lots |
| Jen 31 | : Comp. | dally 121.36 | 5 (122.58); . 15 day | Zinc (\$ per | tonne) | | | | Ring turno | ver 10,700 tonne |
| everage 123.43 (123.94). | | | | Cesh | 1810-5 | 1625-30 | 1815 | 1815-8 | | |
| SUQAR (\$ per tonne) | | | 3 months | 1755-60 | 1780-2 | 1793/1740 | 1765-6 | 1735-40 | 11,980 iots | |
| Raw | Close | Previous | High/Low | | | | | | | |
| Mar May | 228.20 229.20 | 232.60 233.00 | 230.00 226.20 231.00 228.00 | | | | | | | |

| Raw | Close | Pre | vious | High | Low. | | | | | | | | | |
|----------------|-------------------------|-----------|----------------|-----------|---------|----------|----------|-----------|-----------------|---------------|---------------------|--------------|---------------------|--------------------|
| Маг | 228.20 | 232 | 8 0 | 230.0 | 0 226 | .20 | • | | | | | | | |
| May | 229.20 | 233. | 00 | 231.0 | 0 228 | .00 | | | | | | | | |
| Aug | 227.80 | 232 | 00 | 229.4 | 0 227 | .50 | | | | | | | | |
| Oct | 227.00 | 231. | 00 | 228.5 | 0 225 | 40 | | | | | | | | |
| Dec | 225.00 | 229. | | 223.5 | 0 223 | .00 | POTATO | 25 E3C | ine | | LONDON | BURL | HARK WOL | ET . |
| Mer | 223.00 | | | 222.0 | | | | Close | Previous | High/Low | Gold (line | oz) \$ | price | 2 equivalent |
| May White | Close | _ | d | High/ | _ | | Feb | 50.0 | 50.0 | 48.0 | Close | | 24-3024 | 224-22412 |
| WINZS. | Close | Pres | vious | High | LOW | | Apr | 72.5 | 70.2 | 74.7 70.0 | Opening | 39 | 0-3901 ₂ | 2224-2224 |
| Mar | 283.50 | 287. | 50 | 284.0 | 0 282 | .00 | May | 86.3 | 91.0 | 87.0 82.5 | Morning fi | | 2.00 | 224,577 |
| May | 273.50 | 277. | 50 | 277.0 | 0 273. | .00 | Nov | 85.5 | 86.0 | 85.5 | Atternoon | | | 224.201 |
| Auo | 273.00 | 277. | 00 | 276.5 | 0 272 | .60 | Feb | 95.0 | 96.9 | 94.5 | Day's high | | 3-3931 ₂ | |
| Oct | 265.00 | 270. | 0 0 | 267.0 | 0 265. | .00 | Tuesday | - 1024 /5 | 37) lots of | 40 tooper | Day's low | 39 | 0-39012 | |
| Mer | 259.50 | 265. | | | 0 260. | | 10/10/10 | 1024 (2 | 2017 1048 04 | TO POID NO. | | | | |
| May | 257.50 | 262 | 00 | 261.0 | 0 259. | .00 | SCYAR | PAN MEA | L E/tonne | | Coina | _ | | |
| | er: Raw ! 1681 (4237 | | (2689) | lots | of 50 | lonnes. | - | Close | Previous | High/Low | | | price | Instavlupe 2 |
| | While (FF | | toon | m)- 44 | er 17 | Man | | | | | _ Mapleleat | | 4-409 | 220-233 |
| | wg 1736, (| | | | | | 100 | 164.50 | 165.00 | 164.50 | aritannie | | 4-409 4-409 | 230-253 230-233 |
| 1100, F | mg 1100, | <u> </u> | ~~, ∪ | 102 | - | | Apr | 187.50 | 165 <i>.5</i> 0 | 167.50 | US Eagle | | 4-409 | |
| | | | | | == | | . Jun | 160.00 | 158.50 | 160.50 160.00 | Angel - Krupeman | | 1-394 | 230-233 223-225 |
| FORED O | NI NIETAL | DG | ANG | I THAI | 360 0 | LICHI | Turnow | r 161 (30 | 00)lots of 20 | tonnes. | New Sov. | | L-93 L | 5214-5312 |
| Ahumini | lum (99.7% | <u>61</u> | C | alis | - 6 | uts | | , | | 45 m loops | Old Sov. | | 4-634 | 25 1 - 23 12 |
| | orice S tor | _ | Mar | May | Mar | May | PREIGH | אטדטק ז | ES \$10/Inde | x point | Noble Plat | | 4.00-532.75 | 298.85-303.8 |
| 2050 | | | 177 | 182 | 7 | 50 | | Close | Previous | High/Low | - | | | |
| 2150 | | | 96 | 123 | 25 | 68 | Feb | 1573 | 1576 | 1575 1555 | Silver tix | p/ | fine (az | US ats equit |
| 2250 | | | 44 | 79 | 73 | 142 | Apr | 1619 | 1919 | 1620 1596 | Spot | 22 | 2.60 | ETTO OF |
| Copper | (Grade A | ١ | C | eiks | | uta | Jul | 1426 | 1425 | 1430 1420 | 3 months | | 3.25 | 582.05 585.60 |
| | - | | | | | | · Oct | 1560 | 1583 | 1560 1555 | 6 months | | 3.85 | 610.00 |
| 2900 | | | 293 | 258 | 17 | 122 | Jan | 1575 | 1565 | 1579 1560 | 12 months | | 4.30 | 639.60 |
| 3100 | | | | 160 | 68 | 219 | Apr | 1635 | | 1635 | in morning | | 1,00 | 408.00 |
| 3300 | | | 57 | 93 | 177 | 347 | BFI | 1508 | 1619 | | _ | | | |
| | | | | | | | Turnove | r 408 (56 | 5 9 | | CRUDE OF | L S/ba | rrel | - |
| WOO | | _ | | | | _ | GRAINS | E/tonne | | | - | Clos | e Previo | us High/Low |
| ALTH | OUGH Aus | | | | | | Wheat | Close | Previous | High/Low | Mar | 15.8 | | 15.84 16.55 |
| | nably firm ounder ba | | | | | | Mar | 112.60 | 112.60 | 112.80 112.55 | – Apr IPE Index | 15.4 15.7 | | 15.45 15.27 |
| | ng and pra | | | | | | May | 118.25 | 116.30 | 119.50 116.25 | | | | |
| | ere getting | | | | | | Jun | 117.95 | 118.00 | 118.20 117.95 | Turnover: | 4348 (| 433 1 | |
| | t strength | | | | | .This | Sep | 102.70 | 102.35 | 102.78 | | | | |
| is bas | ed not so | much | on a | particu | liarly | ~ { | Nov | 105.10 | 104.90 | 105.19 105.00 | | | | |
| sound | l Australia | u eco | поту, | but or | n high | | Jan | 108.50 | 108.30 | 108.50 108.25 | GAS OF S | tonne | • | |
| intere | et rates a | nd a f | law st | atistic : | on int | lation Ì | Mar | 111.50 | | 111.50 | | | Onsula | Litation and |
| | is being : | | | | | | | | | | | Jose | Previous | High/Low |
| | st rates er | | | | | | Borley | Close | Previous | High/Low | | 46.25 | 144,50 | 148.25 142.50 |
| CUITTE | ncy reason | 15 add | D W | ool's w | rorries | s. ft | | | - riemous | Lufurfów | _ Mer 1 | KS.25 | 142.25 | 143.25 140.50 |
| is eire | early histor | rically | deer | and m | шлу | - 1 | Mar | 109.50 | 110.00 | 119.05 109.90 | Apr 1 | 39.50 | 136.30 | 139.75 135.25 |
| | ming cour | | | | | aut i | May | 111.80 | 111.70 | 111.80 111.70 | | 38.75 | 135.75 | 137.26 138.00 |
| | S ON Drav | | | | | | Seo | 99.90 | 89.60 | 29.90 99.60 | | 34.50 | 134.00 | 134.50 192.76 |
| | try in parti | | | | | | Nov | 102.90 | 102.40 | 102.90 102.75 | | 35.25 | 133.50 | 135.25 139.75 |
| | booke one | | | | | | | | | | | 25 40 | 126.75 | 12E EA |

| onne 3 | meat expect weath rose in the rese to rese energy marks | markets ctations ner. Ora sharply ming col sch the g y comp ets after | ing up the s were fire of upcome nge juice on techni id weathe growing r lex, price buy stop tence lev | m on ling cold futures p cal buyin ir is not e egion. In s advance s sent pri | rices g. The expect the ed in |
|-----------|---|---|--|--|---|
| | Ne | w Y | ork | | |
| | GOLD | 100 troy | oz.; \$/troy o | <u> </u> | |
| | | Close | Previous | High/Low | |
| | Feb | 393.7 | 301.6 | 596.2 | 301,9 |
| | Mar | 395.4 | 393.5 | 0. | 0. |
| | Apr Jun | 397.2 402.3 | 395.8 400.8 | 399.5 404.3 | 395.8 400.8 |
| | Aug | 407.7 | 405.2 | 409.0 | 406.9 |
| | Oct | 413-2 | 411.5 | 415.0 | 411.5 |
| | Dec | 418.7 393.7 | 417.1 391.5 | 420.5 396.2 | 417,2 501,9 |
| | Apr | 429.9 | 428.3 | 430.5 | 430.5 |
| | PLATI | MUMA GO to | oy oz; \$/tro | W 02 | |
| 1 | | Close | Previous | High/Low | |
| | = | | | · | - |
| - | Feb | 523.1 524.6 | 516.0 516.5 | 522.0 0 | 520.0 |
| <u></u> | Apr | 526.1 | 517.5 | 528.5 | 017.5 |
| | Jul | 525.1 | 517.0 | 826.O | 518.8 |
| | Oct | 525.1 526.1 | 017.5 518.5 | 826.0 | 526.0 0 |
| | Apr | 529.1 | 621.5 | ġ . | ğ |
| | | R 5,000 to | oy oz, cente | vitrov oz. | |
| | | Close | Previous | High/Low | - |
| | | | | | |
| | Feb Mer | 583.5 587.5 | 579.2 583.5 | 587.5 582.5 | 557.5 584.5 |
| | Apr | 592.5 | 588.5 | g · | 0 |
| | May Jul | 587.5 | 593.4 603.6 | 602.5 613.0 | 595.0 605.0 |
| _ | Sep | 607.9 918.1 | 613.7 | 622.0 | 617.0 |
| | Dac | 632.9 | 626.7 | 637.0 | .630.0 |
| | Jen Mar | 636.9 647,5 | 632.7 643.7 | g 651.0 | g · 648.5 |
| | May | 658.2 | 654.3 | 0 | 0 . |
| | | ED 25 000 | lbs; cents/ | he · | |
| | - | Close | Previous | High/Low | |
| | | | | | 440.00 |
| | Feb | 138.30 136.30 | 144.40 142.90 | 143.00 143.30 | 143.00 136.10 |
| | Mar Apr | 132.06 | 137.70 | 0 | 0 |
| | May | 127.50 | 132.60 | T33.10 | 127,5 |
| | Jul | 123.30 | 126.50 | 127.30 122.50 | 123.5 |
| | Sep Dec | 119.80 116.80 | 122.10 117.85 | 122.50 118.50 | 117.2 |
| | Let | | | | |
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| | Lettoek | PTEVIOUS | LINGUALION | | BOYA | BEANS 5,0 | 00 h |
|--------------------|--|--|--|------------------------------------|--|---|---|
| Mar | 17.40 | 17.03 | 17.45 | 16.91 | | Close | _ |
| Apr | 17.05 16.84 | 16.60 | 17.09 16.86 | 16.52 | - | | Pr |
| Jun | 16.65 | 16.23 | 16.66 | 16.20 | Mar | 767/4 . 778/2 | 77 |
| Jul | 16.45 | 26.08 | 16.45 | 16.02 | Jul . | 784/B | 78 |
| Sep . | 16.23 | 15.88 15.84 | 16.34 | 15.64 | Ana | 781/4" | 78 |
| Dec | 16.12 | 15.78 | 16.20 | 15.78 | Sep | 756/0 737/0 | 70 74 |
| HEAT | ING OIL 4 | 2,000 US ge | ila. conts/l | K cells | Jun | 746/0 | 75 |
| | Latest | Previous | High/Low | | Mer . | 753/0 | 76 |
| Mer | | | | 4925 | SOYA | BEAN OIL | 50.0 |
| Арг | 5020 4785 | 4840 4687 | 8055 4810 | 4670 | | | _ |
| May | 4570 | 4400 | 4680 | 4456 | | Close . | Pr |
| Jun Jul | 4460 | 4367 | 4400 | 4300 | May | 22.02 | 21 |
| 3 e p | 4410 4530 | 4310 4420 | 4425 | 4355 4530 | Jul | 22.54 | 22 |
| | A 10 trave | res:\$/horanes | | - | And | 23.25 | 23 |
| | | | | <u>-</u> - | Sep | 23.40 23.52 | 21 |
| | Close | Previous | .Higb/Low | | Dec . | 23.77 | 23 |
| day | 1484 | 1446 | 1510 1442 | 1433 | Jan | 23.77 | 23 |
| Juj 🗆 | 1387 | 1372 | 1405 | 1359 | BOYA | SEAN ME | 4 |
| Sep | 1373 | . 1360 | 1390 | 1352 | | Close : | Pr |
| Dec Mar | 1361 | 1351 1357 | 1380 | 1339 1365 | Mer | 247.2 | 24 |
| May | 1378 | 1372 | 1375 , | 1375 | May | 244.9 | |
| M. | 1375 | <u> </u> | 0 | 0 | Jul | 242.2 | 24 |
| COFF | EE "C" 87 | ,500lbs; car | ts/ibs | | Aug | - 239.6 235.0 | 24 |
| | Close | Previous | Highton | | Oct | 220.0 | 23 |
| Gr . | . 132.11 | 132.64 | 123.25 | 129.60 | Dec. | 225.2 | - 22 - 22 |
| Ey. | 125.54 | 128.50 | 129.70 | 125.25 | | | _ |
| aj Op | 126.62 | 126.87 126.00 | 127.75 126.75 | 124.00 | | 5,000 bu | _ |
| le¢ | 121.90 | 128.00 | 126.00 | 121.00 | , <u>17 mg</u> | Close | Pr |
| ler ley | 119.90 | 124.00 | 9 | 0 | Mar | 273/4 | 27 |
| | 118.40 | 122.50 | 0 | 0 . | Jul | 260/0 | 28 28 |
| - | | **** 112,0 | 00 lbs; cen | s/lbe | 800 | 278/2 | 27 |
| | Close | Previous | High/Low | | Dec | 276/6 263/2 | 27 |
| Aur Ion | 10.28 | 10.49 | 10.45 | 10.15 | May | 285/0 | 20 |
| ul ul | 10.23 10.12 | 10.87 10.22 | 10.36 10.25 | 10.10 | | 5,000 bu | |
| et . | 10.07 | 10.19 | 16.18 | 9.99 | 7 | Close | P 1 |
| en Jer- | 9.90 | 9.70 | 9.90 9.95 | 9.90 | Mer | | _ |
| ley | 9.85 | 9.80 | 9 | 0.50 | May | 431/6 - 427/0 | 44 |
| OTT | ON 50,000 | cents/lbs | | | Jul | 408/6 | 41 |
| : | Close | Previous | High/Low | | Dec | 413/0 | 43 |
| Лат | 80.30 | 59.78 | 60.56 | 59.85 | - Mar | 425/0 | 43 |
| ARY . | 60.65 | 60.20 | 60.55 | 80.32 | LIVEC | ATTLE 40, | 000 |
| ul het | 60.30 | 59.90 | 60.65 | 60.20 | | Close | Pr |
| ec. | 59.10 | 58.90 58.65 | 59.25 59.35 | 59.20 58.94 | Feb | 75.07 | 74 |
| ler | 58.90 | 58.45 | 9 | . 47 | Apr | 78.30 | |
| lay | 59.00 | 68.70 | 0 | 0 | Jun | 75.30 | 75 |
| HAN. | OE JUICE | 15,000 lbs; | cents/lbs | | Sep | - 73.00 72.25 | 72 |
| | Close | Previous | High/Low | | Oct | 71.97 | 71. |
| Aer . | 142.90 | 140.40 | 146.60 | 141.19 | Dec Feb | 78.05 78.00 | 73 73 |
| ey J | 141.05 141.40 | 138.40 | 143.40 | 140.00 | | 006 30,00 | ~~ |
| er er | 140.65 | 136.00 | 143.00 | 140.60 | | | |
| * | 137.75 136.95 | 135.05 | .141.05 | 138.00 | | Close . | Pr |
| | 136.40 | 134.55 134.15 | 136.50 5 | 735.00 | Feb: | 43.62 | 43 |
| er . | -30.40 | | | Ď | Jun | 48.27 | 6 H 4 |
| | 136.40 | 184.15 | 0 | | | TELEF . | |
| | 136.40 | 134.36 | ··· - | - , | ப்ப | 48.70 | 40. |
| ber . | 136.40 | 134.36 | · · · · · | • | ப்ப | 48.70 47.70 | 47, |
| ler | 136.40 | : .:.: | | | dui Aug Oct Dec | 48.70 | 47 43 45 |
| ley SHDI | 136.40 | | · · · · · · | | Aug Oct Oct | 48.70 47.70 44.17 46.00 | 47 43 46 |
| ley SHDI | CES | e: Septemt | · · · · · · | | Aug Oct Oct | 48.70 47.70 44.17 46.90 | 47 43 45 0.00 |
| ley SHDI | 136.40 | e: Septemt | · · · · · · | - 100) | dui Aug Oct Dec PORK | 45.70 47.70 44.17 46.00 Close | 47 43 45 0.00 |
| Aer ley SHDI | CES | ee: Septemb | er 18 1931 | ~ 100) Y' ago | dui Aug Oct Dec PORK | 48.70 47.70 44.17 46.00 Close 38.45 | 47, 48, 6,00 Pri |
| MEU REU | 136.40 GES TERS (Bar Jan 3: | se: Septemb 1 Jan 30 1875.9 | er 18 1931 sonth ago 1980.2 | ~ 100) Y' ago 1735.4 | Aug Oct Coc PORK Feb Mar- May | 48.70 47.70 44.17 48.00 BELL 1884 Close 36.45 39.57 41.45 | 47, 43, 45, 0.00 Pr. 59, |
| BED REU | CES TERS (Bai Jan 3 1982.7 JONES (| ee: Septemb 1 Jan 30 1875.9 Base: Dec. : | er 18 1931 sonth ago 1980.2 31 1974 = | = 100) yr ago 1735.4 | Aug Oct Doc PORK Feb Man May Jul | 45.70 47.70 44.17 46.00 BELLIES Close 39.45 39.45 41.45 42.65 | 47, 48, 46, 40, 41, 42 |
| BOW Spot | CES TERS (Bai Jan 3 1982.7 JONES (| pe: Septemi 1 Jan 20 1875.9 Base: Dec. | er 18 1931 sunth ago 1980.2 31 1974 = | = 100) yr ago 1735.4 100) | Aug Oct Coc PORK Feb Mary May Jul | 48.70 47.70 44.17 46.00 80.1 mg Close 39.45 39.87 41.45 42.05 42.30 | 47 44 45 0.00 Pr \$9.40 41 42 41 |
| BADI REU BOW | 136.40 CES TERS (Ba: Jan 3: 1908.7 JONES (I | se: Septemt 1 Jan 30 1975.9 Base: Dec. 137.89 | er 18 1931 sonth ago 1980.2 31 1974 = | = 100) yr ago 1735.4 | Aug Oct Doc PORK Feb Man May Jul | 48.70 47.70 44.17 48.00 E011 E0 39.45 39.45 41.45 42.65 42.30 54.90 | 47.44 6 00 Pr 39.40 4 42.45 |
| BADI REU BOW | 136.40 CES TERS (Ba: Jan 3: 1908.7 JONES (I | pe: Septemi 1 Jan 20 1875.9 Base: Dec. | er 18 1931 sunth ago 1980.2 31 1974 = | = 100) yr ago 1735.4 100) | Aug Oct Coc PORK Feb Man- Mex Jul And Feb | 48.70 47.70 44.17 46.00 80.1 mg Close 39.45 39.87 41.45 42.05 42.30 | 47 44 45 0.00 Pr \$9.40 41 42 41 |



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LONDON STOCK EXCHANGE

Equities meet expected profit-taking

in UK equities finally ran into fairly modest profit-taking yes terday, prompting the com-ment on all sides that this was;"a long overdue correction". Although twelve FTSE points down at the close, the market had earlier fought back into plus territory from an initial sethack of 20 points and

It was a somewhat erratic suffered only a minor fall, session, with several blue chip stocks attracting special comment from market analysts as the City sought to assess the immediate outlook for equities in the wake of the near 34 per cent gain in the FT-SE index

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selling pressure was on a mod. since the end of December. BP while ICI and Glavo stood out strongly among the interna-tionals, substantial gains in these two blue chip market again, and by the close the leaders helped to limit the set-back in major market indices.

Equities opened quietly but slices against set for the set leaders helped to limit the set-back in major market indices.

Equities opened quietly but slices against set for the set leaders helped to limit the set-back in major market indices.

were quickly depressed by renewed hints of financial strains suffered by a major strains suffered by a major securities firm during the squeeze on market positions during the past month. In the absence of any bearish devel-opments, equities staged a good recovery ahead of Wall Street's opening, and the Footsie was 1.4 points ahead as London waited to see if New York could extend the recovery achieved towards the close of

its previous session. However, internal statistics A weak start in the US marat one major firm indicate that kets sent London downwards sellers have been outweighing buyers for the past three days, thus opening the way for the predicted correction in share prices. Against this backcloth,

points was regarded as insig-nificant. "The institutions would like to see the market down by 50 Footsie points". commented a specialist at a leading US house.

There was little reaction yes terday in shares of British Steel, Rolls-Royce and Marks & Spencer, which were among the best performers in January. There was a further upswing in Eurotunnel units both before and after a very favourable report on construction progress from the British side of the operation. Traders commented that once again it was French investors who were active buyers of the units.

FINANCIAL TIMES STOCK INDICES Low High LOW 68.45 88.43 88.57 (8/1/88) (28/11/47) 1349.0 1656.4 1538.9 1674.4 Gold Mines 312.5 160.7 734.7 43.5 (7/1/88) (3/1/89) (15/2/83) (26/10/71) Ord. Dt. Yield Earning Yid %(full)
P/E Retio(Net)(#)
SEAQ Bargaina(5pm 39,612 46,853 1948.99 49,963 2226,30 Gilt Edged Bargains 107.9 120.4 Equity Bargains Equity Valua 61,587 949,4 3939.4 4499.9 118.7 Gilt Edged Bargains

TRADING VOLUME IN MAJOR STOCKS

Basis 100 Govt. Secs 15/10/25, Fixed Int. 1928, Ordinary 1/7/35 Gold Mines 12/9/55, SE Activity 1974, ANII 10.93 (Excluding In

328.7 DAY'S HIGH 1677.2 DAY'S LOW 1659.2

Sights lowered on BP

BP, hard on the heels of shareholder approval for the buy-back and cancellation of the near 12 per cent stake held by the KIO, were among the oil market's weaker performers. Both classes of BP stock were hit by profits downgradings by at least two major broking at least two major broking firms, and some analysts warned that the reduction from 4 per cent to 3.5 per cent in BP's weighting in the FT-SE index could trigger selling of the shares by some index tracking finds.

BP "old" shares were finally 3 lower at 278%p, on turnover of 14m and the "new" 2% easier at 174p on 12m. Shearson Lehman Hutton and Smith New Court were said to have downgraded profit forecasts on a replacement cost basis from around £1.2bn for 1989 to £1.12bn with share earnings predictions down to 20 30 g share from 21.8p. It was suggested that many of the US houses will quickly follow the example set in London. The downgradings, according to the market, followed on the heels otan underestimation of Petroleum Revenue Tax for the Mag nus Field.

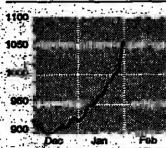
Ultramar action

Ultramar remained in the news as the company announced it is to redeem well before time the 6 per cent conty vertible stock duried 2002 at 105 per cent. The stock is companied to the stock of the st

309%p on turnover of 6.5m with buying fuelled by continuing speculation that a bld for: the company is not far away; with the 14 per cent stake held.
by Sir Ron Bristley said to be "up for grabs". The two Caps: dian companies Noverco and Unigesco, in concert with Banque Paribas, hold à 4:3 per cent stake, while Premier Consoli-dated has a 2 per cent holding

Earlier in the week Ultra-mar's board said the Canadian companies were known to have been canvassing possible par-ticipants-to take part in; an eventual break up of the UK company. London analysts continued to believe that another potential bidder is waiting on the aidelines to make an

assault on the company. The early redemption of the convertible stock was not viewed as signalling any major change of strategy; analysts said the move was in line with the company's policy of reducing interest charges.



Racal in demand

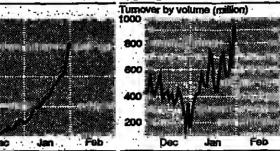
The electronics market hurst into life after the recent period of relative inactivity with Racal Electronic shares heavily bought after "buy" recommendations for at least two top brokers and stories of possible stake-building by Cable & Wireless as a prelude to a full bid. Racal Electronic jumped some 346p on the rumours before retreating to close a net 13 up at 344p. Turnover topped 14m shares. The buy notes came from James Capel and UBS Phillips and

Cable & Wireless issued a "no comment" on the stories which dealers tended to slrug aside. "Cables bought and sold a 28 per cent stake in Racal which triggered the Racal Telecoms (Vodafone) self-off-they would look pretty silly doing the same thing now," com-mented one trader: Racal Telecoms mirrored the jump in Racal Electronics, with the shares finally 11 higher at 265p on 84m. C & W shares were hit by the marlet rumours, closing unchanged at 427p, after 437p,

chin sector came from Glazo, which extended its recent gains with a further substan-tial rise as London responded to reports of adverse developments in Tokyo regarding Gaster, the Japanese rival to Zan-tac, Glaxo's highly successful

Following a review of the possible side effects of Gastar, made by Yamanouchi and also

Equity Shares Traded



Pepcid, it is said that the Jananese medical authorities want a new caution added to the drug's label. Although there was some doubt over the sig-nificance of the move, the market took it as good news for Glaxo, which jumped 24 to 1228p on heavy turnover of 5m

mended Glazo yesterday and was joined by Warburg Securi-ties which said that Zantac could be a "substantial beneficiary" of the Gaster problems; however, they were counterbalanced by Fleming Securities which claimed: "This story has been overdone and we recom-

mend selling into strength".

ICI gained 20 to 1163p in brisk trading as the shares broke through a dollar chart resistance level and investors noticed that they have underperformed during the January Citicorp Scrimgeour Vickers, the chemicals team predicted that on February 23 ICI will unveil profits in the £1.45bn to £1.5bn range for 1988, and will show "further satisfactory growth" next year. At 1163p, the shares put on 20 yesterday, narrowing the T per cent rela-

but there were plenty of whis-pers in the market of a big buyer for Royal Insurance; Australian group Adsteam have a 7-per cent stake in Royals and were said yesterday to have been back in buying the stock, while there were also vague stories that French

on the previous day, remained high by comparison with all

but the most active sessions of

Despite the downard trend in the second half of the session,

the market was alive with spe-

cial situations, often of a spec-

ulative nature. The past trad-

ing week has seen a return to the market of the UK private

investor, as well as a struggle

by UK funds to put cash into

after reports that Lyphomed will receive limited approval in the US for serosolized penta-

madine, the anti AIDS-related

nnenmonia treatment on

which both Fisons and

Beecham rallied from early

weakness to close 3 firmer at

546p but most of the other

internationals slipped lower with the market trend. BAT

Industries fell 6 to 548p. An

exception, however, was Sastchi & Sastchi, which held steady at 393p with turnover of

2.3m shares indicating contin-

ued US interest in the stock.
Two major trades in Taylor

Woodrow on the SEAQ ticker,

one of 7.3m shares atr 581p and

another of 7m at 570p were interpreted by the market as representing the sale of either

of the two near-5 per cent hold-

of the two hears per cent non-ings taken on by Hoare Govett and Hambros, the merchant bank, last week. Talk in the marlet suggested it was more likely that the Hoare stake had moved on, possibly to an insti-tutional client of the securities

house. Taylor shares closed 4

cheaper at 585p. High street retailing and dis-

tribution group W. H. Smith has

justified the recent strength in

its share price by producing an impressive set of first-half fig-

ures. The 38 per cent jump in

profits to £41.6m pleased a mar-ket expecting £30m to £34m, and the "A" shares moved

sharply higher against the

trend to close up 8 at 290p. Mr John Smith, stores ana

improvement in tha main

chain. In fact over the period from last May to November W

H Smith was the fastest grow-

ing retailer in the UK." He has

and Swiss Bank Stockbroking.

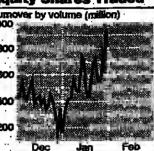
7½-point rise to 196½p on turn-over of 4m shares. There was renewed talk that US arbitra-

geur Mr Asher Edelman may have added to or indeed sold his stake in the UK retail

group, but a more likely expla-nation for the rise was aggres-

Storehouse featured with a

the past fortnight.



Lyphomed are working. The US firm is expected to receive permission for "treatment IND" — a limited form of sale which Fisons is believed to have refused recently. Finally 6 down at 268p, Fisons clo above the Worst as Peter Woods of Warburg Securities, discounting the significance of the Lyphomed reports, told cli-ents to "buy Fisons stock on

Nomura Securities, the Japa-nese house, strongly recom-

upturn in the equity sector. At

tive underperformance to the market since lanuary I. Composites, showed only possible side effects of Gastar, made by Yamanouchi and also picking up shares in the UK sold in the US by Merck as company. In the brokers, Wil-

lis Faber raced up to 265p-bid sive selling of Storehouse puts on the traded options market by broking house Hoare Gov-ett, and also some short-coverat one point, amid hints of possible takeover activity involv-ing US group Johnson & Hig-gins, before slipping off to close a net 12 higher at 263p. Fisons came under pressure

ing by marketmakers.

Marks and Spencer were actively traded, falling 7 to 176p as 7.6m shares changed hands. Dealers said that there was nothing specific behind the drop, although a "sell" note from Citicorp Scrimgeour Vickers may have been partly to blame. Mr John Williams of Citicorp explained that because M&S has outperformed a weak sector this year by joining in with with the strong market rally, it is now due a corrective on purely technical grounds

Continuing donbts about a possible bid emerging for Cen-tury Oils left the shares a further 6 lower at 195p, for a two

Second-liners continued to attract buyers, with John Men-zies pulled 9 higher to 334p in the wake of the strong figures from W H Smith. Body Shop again found favour, adding 9 at 562p, while seller of antiques and objets d'art, Mallett, advanced 13 to 151p on news that Sears (a shade easier at 125p) had sold its 26 per cent stake to House of Fraser store Harrods for over £5m.

GEC ran into profit-taking and closed 2% cheaper at 216p on turnover of 216p despite a "buy" note on the stock issued by Martin Mabbutt at Nomura Research, British Telecom gave up a like amount to 286%p on turnover of 8.7m. -"tracking FT-SE" said one dealer. Ferranti dipped back to 98%p early in the day with the stock upset again by the batch of downgradings and the Kleinwort "sell" note, but later rel-



fied to close a fraction better on the day at 102p with two UK houses said to have been aggressive supporters of the shares. Switching from Rank Organisation (7 lower at 830p) to Thorn EMI boosted the latter 9 to 733p.

Among mixed Foods Ranks Hovis McDongall fell 3 to 394p accompanied by strong whis-pers that Australian group Goodman Fielder may have placed its stake in institutional hands. Activity in Gateway fell off sharply as the shares dropped 1% to 177%p on very light turnover by recent standards.

United Biscuits (UB) shed 4 at 327p as suggestions of a bid from Suchard faded rapidly. One analyst said that the market now thinks that if some sort of corporate activity is in

the pipeline at UB, it will probably be a bid for RJR Nabisco's European operations.
Speculation that BTR might

launch a full bid for engineering group Meggitt Holdings from the platform of its 22 per cent stake saw shares in the latter climb 4 to 110p, after 112p. Informed observers, how-ever, advised against attaching too much credence to the story, and suggested that the rise in the price yesterday was more a result of a strong "buy" note from Kitcat Aitken analyst, Mr Clive Forestier-Walker. "We now regard the shares as good value, and suggest that investors back this proven management team," said the Kitcat man. BTR closed a

penny firmer at 345p. Priest Marians rose 11 to 43Ip on the news that its bid talks with oil-group-turnedproperty-developer Inoco (down 71/2 at 33p) had collapsed. Sheraton Securities added 2 at 75p in response to a £25m office disposal - however, one prominent dealer warned that a rights issue might be needed for "further development and to gear the

balance sheet correctly. British Petroleum stole most of the thunder on the traded options market, with 5,148 contracts handled, with heavy dealings on both the call and put sides of the July 280 contract. Overall market turnover came to 47,595 contracts, and index business to 10,119.

 Other market statistics including FT-Actuaries Traded Options, Page 23

NEW HIGHS AND LOWS FOR 1988/89

NEW PROME (134).

SETTIME PURPE (7) Trees, 2po H 2008, Do. 2l-pc H 2008, Do. 2l-pc H 2011, Do. 2l-pc H 2011, Do. 2l-pc H 2011, Do. 2l-pc H 2011, Do. 2l-pc H 2015, Do. 2l-pc H 2015, Do. 2l-pc H 2016, Northern Plant, CHESTON, Venture Plant, CHESTON, Do. 2l-pc H 2016, Northern H 2016, Do. 2l-pc H 2016,

Chiefale Grp., Dockus, Electroloc, Eurocopy Eurotunnel Units, Do. Wrrts, Marting Inda., Mayne Nictees. Nikū 7-ip o Ac Rd Pl. Nu-Buft, ROO, Record Hidgas, Socurious, Do. "A", Security Servs, Wilhes (4.), LESSURE (15) MOTORS (1) Gen. Motors, NEUSPANERE (2) Electrics (2) Electrics Entities, Gentler (10). L.) PAPERES (2) Organices, Sazohi 6-ip per 1903, PRIOPERTY (3) Chestarfield, Evens of Leeds, Town Captra, SisiPPMG (1) Tiphook, TEXTILES (1) Parks, TRUETS (26) Plant, TRUETS (26) Plant, TRUETS (27) Plant, TRUETS (27) Neelsstharra, Bond Intl. Gold, RTZ. (29) Neelatharra, Bond Intl. Gold, RTZ.
NEW LOWS (11).
STORES (1) Hogg Robinson, BEUSTRIALS
(2) Bardon Grp., DSC, Partal Planning,
LISSURE (1) H-Tec Sports, PAPEAS (1)
Ketson, Bellies (4) Durben Deep, ERGO,
Technical Varianzoost, THED MARKET

BUSINESS LAW

Protecting invisible property

By A.H. Hermann, Legal Correspondent

lyst at UBS Phillips & Drew (P&D), described the results as "outstanding" and said: "I was particularly impressed with tha sales trend and margin the Old Bailey, proba-bly means that she should not see in whose favour the scales tip. But the blindfolding is ingraded his full-year forecast to 183m (excluding property profits), which compares with the 185m of County NatWest quite superfluous when there is nothing to be seen in the scales. Such seems to be the situation with the protection of intellectual property in semi-conductor chips.

to this obscure subject. Texas Instruments of Dallas have announced that their laboratories succeeded in producing the first transistor using the quantum properties of materials. The quantum properties are those which appear when matter is divided into very small numbers of atoms or molecules. Then, when some of these atoms receive an additional input of energy, materials behave in an extraordinary fashion. According to Dallas researchers, the swings of electrons from one quantum state to another can be used for switching electric currents much faster than present

supercomputer.
This may take another 10

years to achieve, but it will produce an immediate worldwide interest in the possibility of copying or reproducing the achievements of the Dallas labto those in literary, or artistic work - cannot be made the subject of intellectual property. But what if you take a device apart to be able to follow its design and construction stepby-step? This is frowned upon in other departments of intellectual property law, but has been accepted as good, or at those playing with semicon-

that it is not an infringement

How anyone can take apart something that is invisible except perbaps by using devices such as electron microscopes, is beyond my imagination. But it is obviously a highly practical and useful process because one section of the US semiconductor industry insisted on it being allowed in the US Semiconductor Chip Protection Act of 1984. This provides that it is not an infringement "to reproduce the mask work (called topography in Europe) solely for the purpose of teaching analysis or evaluating the concepts or techniques embodied in the mask work or circuitry, logic flow or organisation of components used in the mask work." And further, that it is not an infringement "to incorporate the results of such conduct in an original mask work which

One can accept that a new product using as building bricks the concepts and techniques ascertained by taking the work of someone else to pieces, may still be "original" as required by s.906. But whether a particular product is or is not "original" is a knife-edge question.
One should not be surprised

made to be distributed."

when, confronted with such mysterious, and invisible, matters as topography of quantum semiconductor chips, the patent or copyright jodge decides that a new product obtained by reverse engineer-big which looks the same and functions the same, is a copy and therefore, an infringement. Legislation which produces such an uncertain effect is probably not of much use. Any disputes could be resolved as well, or as badly, without it. There are many examples of superfluous legislation on the statute book, but in this particular case, neither Parliament nor Government can really be blamed. By laying the regula-tion before Parliament, the

Government was only imple-

menting an EC directive of

adopted in December 1986,

requiring member states to enact the necessary legislation

by November 7 1987. The Brit-

ish Government caught the

bus at the last minute.

Remarkably, not even the EC Commission — which so often appears as the villain of the piece in this column - can be blamed for inventing this fourth type of intellectual prop-erty protection for semiconductor chips, the first three being patents, trade marks, and copy-

The EC and UK legislation has been made necessary by US developments. In the early 1980s, the US industry felt beleaguered by the Japanese and other Far Eastern electronic industries. They feared they were losing significant amounts through chip piracy and sought better protection. However, according to a widely accepted view, US copyright law protected only the two-dimensional drawing of a chip and not the chip itself. The US Copyright Office refused to register chip designs, hence the need for leg-islation. A section of US industry

wanted to have the defence of reverse engineering included in the proposed amendment of the Copyright Act. However, software producers feared that this would make the reverse engineering defence applicable also to the copyright protection of software and this made it necessary to provide a special act for semiconductor chips. A separate act also made it

easier to exclude automatic protection for semiconductor chip designs owned by nationals of all countries which adhere to the Berne Copyright Convention. The 1984 Act provided protection only to chip design owners who are US nationals or domiciled in the US at the time when the mask work is registered in the US or first exploited anywhere in the world. Foreign mask work can be protected only if first commercially exploited in the US, or if their owner is a national of, or domiciled in, a country in respect of which the US President issued a proclamation providing such protection.

There is yet another, somewhat wider, gate through which a foreign owner can

obtain protection for his mask works in the US. Section 914 of the Act, included as a result of pressure by the Japanese Government, gives the Secretary of Commerce power to extend interim protection to foreign nations that made "good faith efforts and reasonable progress" towards enacting domestic legislation protecting chips

of US origin.
This reciprocity clause makes it clear why the EC had to adopt a directive following more or less the pattern of US legislation, and why the UK would have had to introduce similar legislation even if it were not obliged to do so by the EC directive. The existence of the EC directive enabled the UK Government to rush the measure through Parliament in the form of a regulation made under the Act of Accession, 1972.

The reciprocity rights that can be obtained under the US statute to reproduce, import, or distribute semiconductor chips can be obtained only if the product is registered within two years of its first commercial exploitation.

Had the US provided protection for semiconductor chips under the copyright law, this would mean that foreign nationals and residents could make use of it even if their countries did not provide similar protection for US owners of similar products. The reciproc ity condition built into the 1984 Act was much criticised for reducing the internationally framed copyright law to bilateralism. But it had the desired effect; the enactment of sensrate semiconductor chip protection in EC countries was seen in the US as an additional benefit to achieving their primary objective, which was protection of US products in Japan. Shortly after the 1984 US Act was passed, the Japa-nese Government introduced a bill satisfying lts s.914. The Japanese bill has now also

become law. Some people regret the intro-duction of the defence of reverse engineering, which would not be possible under copyright law. They say that it coodones robbery if it has a certain ingredient of ingenuity. As to the bilateralism, abandoning the International approach to intellectual property, one has to point out that the UK Copyright, Designs, and Patents Act introduced similar reciprocity conditions

for designs.
Will such special and bilateral protection also be claimed by other industries in the future? This may well happen if the present drift to protec-tionism continues. Only a higher level of international protection could stop such regrettable development.

APPOINTMENTS

Senior posts at Lloyds

ILOYDS BANK bas appointed four general managers to head the operating units within its recently formed corporate banking and treasury area. They are: Mr Martin Cruttenden,

general manager, capital markets division including capital markets group and Lloyda Bank's share registration operations.

Mr Brian Milus, general manager, treasury division, with specific responsibility for dealing and trading in exchange and markets. Mr Sydney Shore, general manager, corporate banking division, covering major corporate relationships and

the activities of Lloyds Mr.Keith Stanger, general manager, support services; with responsibilities including treasury back office operations. personnel, premises, information technology and financial control.

■ FTL FLUID SEALS has appointed Mr Tony Snowdon its sales director. He was technical sales manager.

■ WESTINGHOUSE-AIRSHIP INDUSTRIES, the joint venture



BANK OF SCOTLAND has appointed Mr Robert J.J. Wickham (above) deputy gen-eral manager based in its London chief office in Threadneedle Streat The appointment is made with a view to him taking over from Mr Andrew Davidson, general manager, who is due to retire

George A Spyron as vice president, marketing. Mr Spyrou is a director and executive vice president of (the Americas) of Airship

appointed air E. Junion Brandrith Jr. as vice president, sales (the Americas). He joins from Ziehra International.



Industries, has appointed Mr Airship Industries (USA) Inc. industries (UK).
Airship industries (UK) has appointed Mr E. Judson

Mr Robin Bloor, Mr Peter Cole and Ms Jasmine Dalal as associate directors.

Mr Rex Sinden has become managing director of GT VENTURE MANAGEMENT with specific responsibility for UK and European activities. He was managing director of Legal and General ■ Mr Frank Short has joined

F.W. HARMER & CO as managing director. He comes from the leisure wear division of Lawtex in the Republic of Ireland, where he was chief executive. He succeeds Mr Tom Harmer, who becomes a non-executive director.

Mr Kunio Nomura has been. made managing director of BRIDGESTONE TYRE UK. He was previously manager of the Oceania department with Bridgestone in Tokyo.

SABROE (UK), the Redditch-based refrigeration and compression specialist, has made Mr Derek Moore its sales director. He was sales and technical manager.

■ Mr Allan Westbury has been appointed deputy managing director of S. & P. COIL PRODUCTS, the Halma Group environmental control subsidiary specialising in heating products.

Mr Brian Richardson has become managing director of SHEPHERD CONSTRUCTION and Mr Bernard Mitchinson E CHASE DE VERE has been appointed deputy
INVESTMENTS has appointed managing director.

a director of Grahams Rintoul & Co. Mr Neil Millward, formerly administration director at Royal Trust Asset Management, has become a senior associate director, operations. Mr Manfred Falkenmeier has joined BHF-BANK, London, as general mana

■ Mr Philip Lovegrove has joined the board of ROYAL TRUST BANK as a

non-executive director. He is

He was previously head of the trade finance department in the bank's Frankfurt head Mr Ron Grantham has joined A. MONK BUILDING AND CIVIL ENGINEERING

as marketing director. He will be an associate director. Mr Chris Duffy has become sales and marketing director of CAPE UNI-CEM, the fibre

cement division of the Cape

Building Products Group.

■ JEYES GROUP has appointed Mr Ken Minton, chief executive and managing director of Laporte (Holdings), as a non-executive director. Mr Norman Usher has been appointed marketing director. He joined Jeyes from Proctor & Gamble

At RUTLAND TRUST Mr R.D. Headlam, Mr B.S. Briggs and Mr G.A. Loughney have joined the board. Mr W.G. Best has retired from the board of Rutland Trust and as chairman of Ellis & Buckle. The blindfolding of Justice, as represented by the statue crowning the course of making a semiconductor product. It provides that it is no infringement of tha intellectual property right created by this regulation to use "reverse engineering".

There is a reason to return

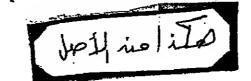
Dr George Heilmeier, the company's chief technical officer, believes that chips using the quantum effect will be able to perform a bundred times as many functions as current semiconductor chips. The time may come when a single chip will be enough to animate a

oratory. Ideas, concepts and logical processes used in new inventions, designs – similar least excusable, manners for

ductor chips.
This new approach was adopted in tha US in 1984. The UK Semiconductor Products (Protection of Topography) Regulations, which came into force on November 7 1987, amend Section 35 of the 1956 Copyright Act to make it clear

The second secon

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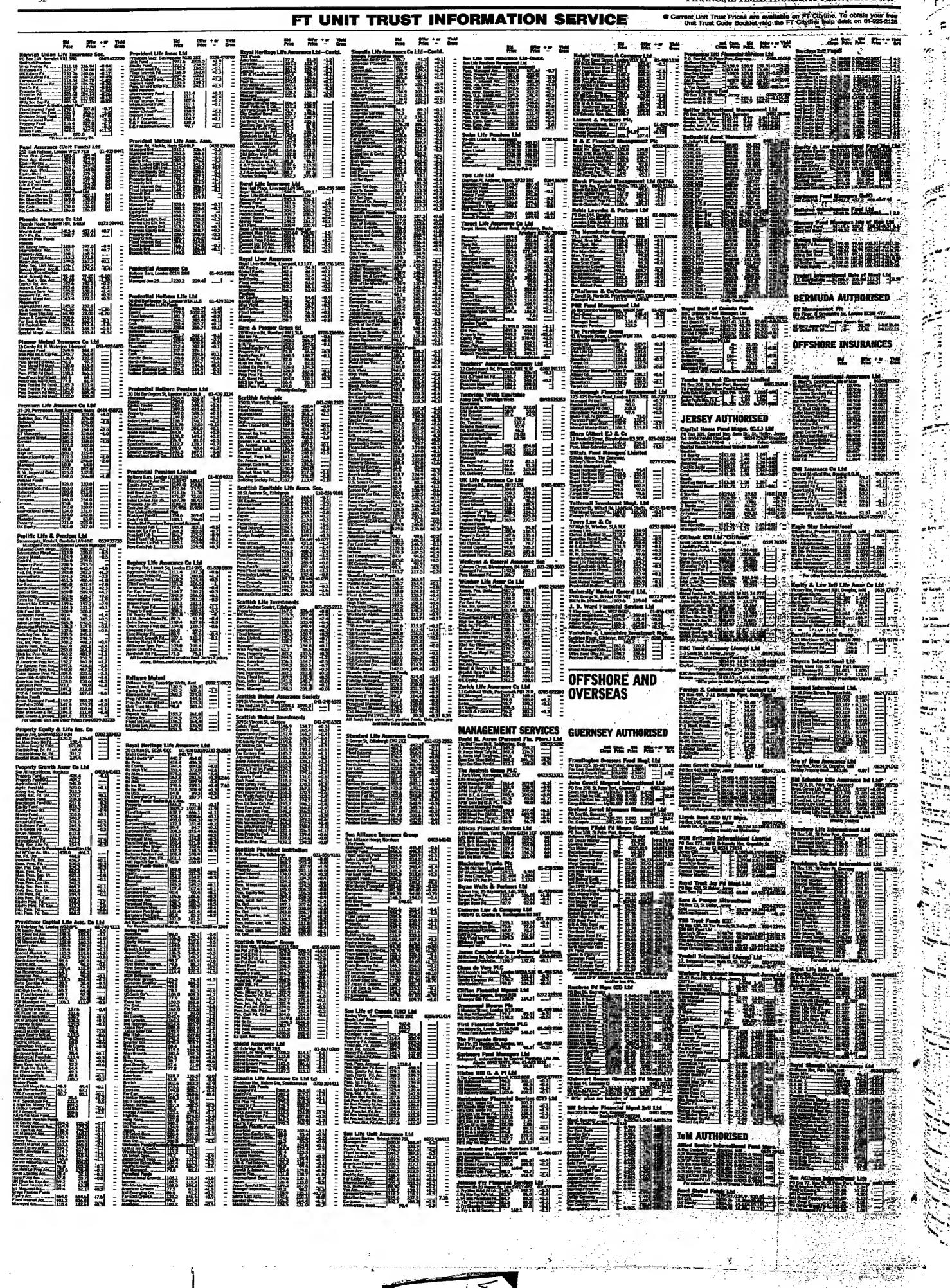
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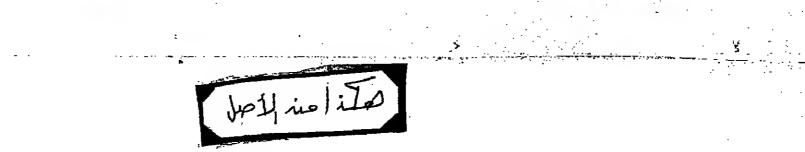
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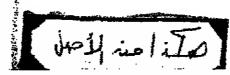


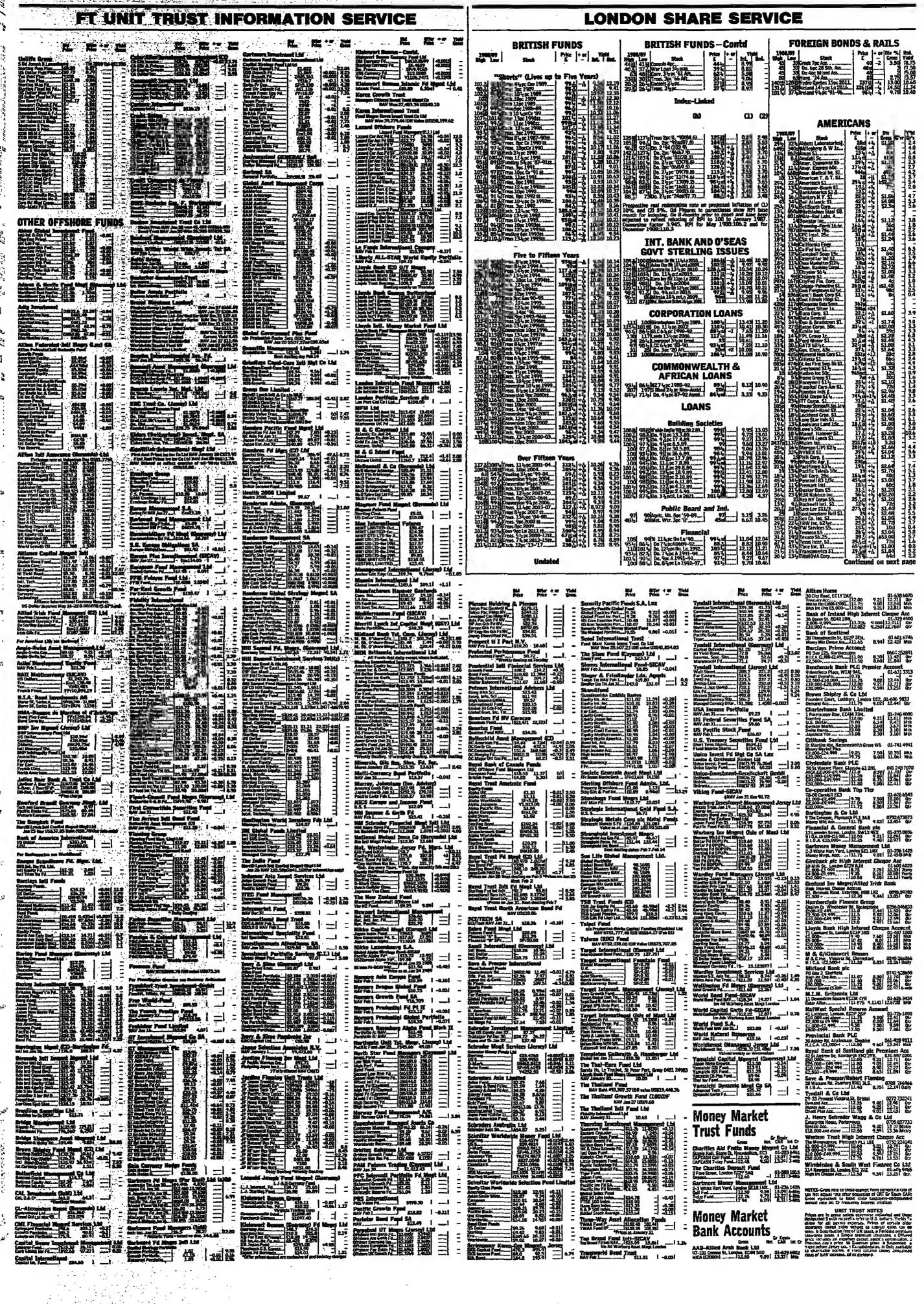


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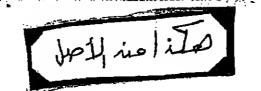
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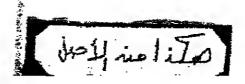




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Sec. 13 1. 1. 1. 20 Far West Rand Rand 188 -4 F0100 1.512.7 765 -23 05850 1.8177 1444 +1 10700 2.011 1546 -11 10450 2.01 2645 -11 0200 1.4 9.2 2645 -11 0200 1.4 9.2 253 -5 5 01.0 4.0 332 -5 101.40 2.7 7.1 161 -4 0100 2.7 7.1 161 -3 0200 1.619.1 1710 -6 01500 1.619.1 1710 -6 01500 1.619.1 151 -5 01500 1.619.1 151 -5 01500 1.619.1 151 -5 01500 1.619.1 151 -5 01500 1.619.1 151 -5 01500 1.519.0 152 -5 01500 1.519.0 153 -5 01500 1.519.0 152 -5 01500 1.519.0 153 -5 01500 1.519.0 152 -5 01500 1.519.0 153 -5 01500 1.519.0 152 -5 01500 1.519.0 153 -5 01500 1.519.0 152 -5 01500 1.519.0 153 -5 01500 1.519.0 152 -5 01500 1.519.0 153 -5 01500 1.519.0 152 -5 01500 1.519.0 153 -5 01500 1.519.0 153 -5 01500 1.519.0 153 -5 01500 1.519.0 153 -5 01500 1.519.0 153 -5 01500 1.519.0 153 -5 01500 1.519.0 153 -5 01500 1.519.0 153 -5 01500 1.519.0 153 -5 01500 1.519.0 154 -5 01500 1.519.0 155 -5 01500 1.519.0 155 -5 01500 1.519.0 155 -5 01500 1.519.0 155 -5 01500 1.519.0 155 -5 01500 1.519.0 155 -5 01500 1.519 35.0 | Iyyour 25c | 10 | 131 | 131 | 132 | 133 | 145 | 132 | 133 | 145 | 134 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 97% 5.2 1.9 10.0 912.0 2.3 3.9 14.7 966.36 3.5 1.8 15.6 127.0 1.2 4.8 7.3.2 16.0 3.0 4.8 9.1 5 & C Smaller Cos. 1 Sing Smaller Cos. 2 First South & Cos. 2 First South & Sign. 3 First South & Sign. 4 First South & Sign. 4 First South & Sign. 5 Fir **NEWSPAPERS, PUBLISHERS** PAPER, PRINTING ADVERTISING A | Control Artican | September Do Cas. 2 2P..... 768 1068 1.0 9.2 9 418-42 03100 2.416.9 136 5 0115c 2.2 7.8

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar's momentum checked

THE DOLLAR'S upward momentum was checked yesterday as dealers hesitated to push the currency through resistance levels of DMI.8800 and Y130.70. It finished weaker against European currencies and the yen, mainly on profit taking but also reflecting a recent rise in West German

Comments made on Tuesday by Mr Alan Greenspan, Federal Reserve Board chairman, before a US congressional com-mittee, pushed the dollar to its best levels overnight in New York and in the Far East. His suggestions that interest rates should remain high to fight inflation, and that the the US trade deficit can be cut at existing exchange rates, encouraged dollar buying. Caution hegan to set in

before Tokyo closed however, with traders regarding Y130.70 as an attractive level to take profits. This trend continued in Europe, where the dollar was soon pushed below Y130.00 and DM1.8700.

Commercial demand for the dollar appeared to fade, and long dollar positions were unwound, as dealers took the view that this was a wise time to take profits, before finance ministers from the Group of Seven begin their meeting in

| £ 11 | N NE | WY | | |
|--------------------------------|--|-------------------|-----|--|
| Feb.1 | Lates | | | vices lese |
| Spot | 1.7535-1 0.59-0 1.58-1 4.29-4 | 59om | 0.5 | - 1.7530 - 0.50pm - 1.46pm - 4.00pm |
| STE | es and disc | | (DE | |
| 8.30 am 9.00 am 10.00 am | | 98. 96. 98. | 1 | 98.2 98.1 98.2 |

| | | | TES |
|--|--|---|---|
| Feb.1 | Bank exte | Special** Drawing Rights | European Currency (July |
| Sterling U.S Dollar Canadian S Aastrian Sch. Belgian Franc, Deatsche Mark Meth Guilder French Franc, Italian Lira Japanese Yen Spanish Peseta Spanish Peseta Swelish Krose Swelish Krose Swelish Krose Greek Drach | 754 5.00 94 124 28 84 4 204 | 0.744297 1.31093 1.55109 17.1928 N/A 9.49113 2.44436 2.76016 8.31031 N/A 169.307 8.82649 151.267 8.29032 2.07848 9.49113 0.914330 | 0.637349 1.11409 1.31986 14.6781 43.7112 8.10665 2.08702 2.35607 7.10397 1525,18 144.998 7.53568 131.017 7.08224 1.77808 173.274 0.781212 |

11.00 am 97.7 98.3 Noon 97.9 98.3 1.00 pm 98.0 98.2 3.00 pm 98.0 98.2

| | Bank of | Morganes |
|------------------------------------|------------------|----------------|
| Feb.1 | England Index | Changes % |
| Sterling | 98.0 67.6 | -13.9 -10.8 |
| anadian Dollar | 102.8 | -0.0 |
| ustrian Schilling leigian Franc | 105.2 105.5 | +9.3 |
| anish Krose | 102.7 | +107 |
| ertsche Mark | 107.8 | +17.1 |
| rench Franc | 109.6 98.3 | +124 |
| <i>5</i> 2 | 97.4 | -201 |
| (ca | 149.3 | +80_3 |

| OTHER CURRENCIES | | | | | | | |
|---|--|--|--|--|--|--|--|
| Feb.1 | ٤ | \$ | | | | | |
| Argestina Australia Pazzii Feland Gerece Hong Kong Iran KoresSii) Kurest Lucembourg Naigrain Medico M. Zeuland Sanali Ar. Singapore S. Al (Cal) Talwan U. A. E. | 30.5115-30.8600 1.6580-1.9605 1.7415-1.7510 7.5285-7.5415 269 80-274.50 13.6525-13.6660 0.50440-0.50550 68.65-68.75 4.7750-4.7865 4031.15-4044 80 6.5630-6.5740 2.8780-2.8830 6.5630-6.5740 4.2140-4.2456 6.8000-6.9390 4.315-48.55 | 17,4300 - 17,5100 1,1210 - 1,1210 0,9950 - 1,0000 4,3040 - 4,3080 154,20 - 157,00 7,7990 - 7,8010 69,70 69,70 69,70 69,70 69,10 39,10 - 39,20 2,7270 - 2,7390 200,40 - 2310,100 1,6375 - 1,6420 1,5310 - 3,7520 1,5300 - 1,7550 1,7500 - 1,7550 1,7500 - 1,7550 1,7500 - 1,7550 1,7500 - 1,7550 1,7500 - 1,7550 2,4100 - 2,4100 2,740 - 2,4100 2,740 - 2,4100 2,740 - 2,750 | | | | | |
| V-7-E | Selling rate | 3,6730 - 3,6740 | | | | | |

underlying sentiment however, with the market still believing the short term prospects for the dollar are good, because of high New York interest rates. Yesterday's figures on Decem-ber leading indicators did nothing to change this view. A rise of 0.6 per cent was within the range of most estimates, while tomorrow's US employment figures for January are expec-ted to show continued strong growth in the economy.

Forecasts for the rise in non-farm payrolls are generally in the region of 250,000, but range np to 300,000, compared with 279,000 in November.

Central banks were not seen on the open market yesterday, but the West German Bundesbank continued to hover in the

background, buying \$14.5m at the Frankfurt fixing.

At the London close the dol-lar fell to DM1.8625 from DM1.8785; to Y129.60 from Y130.50; to SFr1.5835 from SFr1.6000; and to FFr6.3450

from FFr6.3850. On Bank of England figures the dollar's exchange rate index was unchanged at 67.6.

unchanged at 67.6.

Starling rallied to close above the day's lows, after falling on a large selling order against the D-Mark out of Europe. It touched a low of DM3.2600, and at about the same time 11 am the pound's exchange rate index slumped to the day's low of 97.7. There were no special factors

infinencing the pound how-ever, and it tended to move in lina with the dollar, closing weaker overall, with the exchange rate index down 0.2 at 98.0.

Sterling but fell to DM3.2875 from DM3.2875; to Y227.25 from Y228.50; to SFr2.7775 from SFr2.8000; and to FFr11.1325 from FFr11.1775, but rose 40 points to \$1.7545.

| pomis to dr. roso. | |
|--------------------------|------|
| January monthly ave | rage |
| against the dollar were: | ster |
| ling 1.7785; D-Mark 1. | 8365 |
| Japanese yen 127.38; | and |
| Swiss franc 1.5625. | |
| | |

| E | M\$ E | URO | PE | AN CU | RRENCY | / UN | IT RA | TES | |
|---|--|--|--|---|--|---|---|--|--|
| | | Ecu centra rate | d | Corrency amounts against Eng Feb.1 | % chang froot cestral rate | | 6 change justed for hergence | Die | ryence #1. % |
| Belgian Franc Danish Krone German D-Ma French Franc Datch Guilder Irish Poot Italian Lira | ri | 42.4 7.85 2.05 6.90 2.31 9.768 1463 | 212 853 853 843 843 843 | 43.7112 8.10665 2.08702 7.10397 2.35607 0.781212 1525.18 | +3.26 +1.39 +2.90 +1.58 +1.67 | | +0.87 +1.16 -0.70 +0.82 -0.50 -0.41 +1.50 | ±1 ±1 ±1 | 5344 5404 .0981 .3674 .5012 .6684 .0752 |
| Adjustment c | alculated by | Financia | i Thee | | D AGAI | | THE | POU | ND |
| Feb.1 | Day spre | | | Close | Que month | % D2 | Thre | | % p.a. |
| US | 1.7420 - 2.0685 - 3.68 - 68.25 - 12.69 - 1.2220 - 3.26 - 267.70 - 204.05 - | 2.0900 3.71 68.95 12.741 1.2290 3.284 269.30 | 2.06 3.66 68 12.77 1.27 3.26 263 | 40 - 1.7550 85 - 2.0895 83 - 3.6915 65 - 68.75 12 - 12.7215 35 - 1.2245 15 - 3.27 00 - 269.00 20 - 206.50 | 0.51-0.48cm 0.35-0.32cm 17-11-cm 31-25cm 53-41-cm 0.52-0.47cm 12-11-cm 53-15cm 59-23cm | 192 5.89 4.89 4.66 4.85 6.66 | 0.87- 51, 8 | 1.44gm 0.68gm -512gm 7-77pm 1.35gm -512pm 6-50pm 5-34pm | 3.34 1.48 6.10 4.77 4.52 4.58 6.35 1.16 1.35 |

| 4.15-4.05cps | 226 5 - 228 6 23 00 - 23.09 2.77 4 - 2.79 4 s convertible frames, F | 2591% - 2592% 11.83 - 11.84 11.12% - 11.13% 11.09% - 11.13% 12.6% - 227% 23.02 - 23.05 2.77% - 2.78% Intackai franc 69.00- | | 1.84 3.77 2.30 8.26 6.19 6.73 | | 3.66 2.33 8.03 6.14 7.47 |
|--------------|--|--|--|--|--|--|
| Feb.1 | Day's spread | Close | One month | % p.s. | Three months | % p.a. |
| UK† | 39.05 - 39.30 7.24% - 7.28% 1.8620 - 1.8760 | 1,7540 - 1,7550 1,4300 - 1,4310 1,1890 - 1,4310 2,1025 - 2,1035 39,10 - 39,20 7,243 - 7,254 1,8620 - 1,8630 153 - 1534 117,60 - 117,70 1363 - 13634 | 0.51-0.48epm 0.26-0.31edfs 0.15-0.20edfs 0.46-0.49epm 6.00-4.00epm 0.95-0.45oepm 0.48-0.45epm 15-35edfs par-20edfs 2.20-2.90ffredfs | 14977 957 148% EX | 1.49-1.44pm 0.64-0.74ds 0.52-0.59ds 1.46-1.42pm 16.00-12.00pm 2.35-1.95pm 1.46-1.42pm 70-120dis 45-75dis 2.00-9.00dis | 3.34 -1.87 2.25 1.18 -2.25 2.26 -2.26 -2.26 |

| E | <u>URO-CL</u> | PRENC | Y INTI | REST | RATES | |
|---|---|----------------------------------|--|---|--|--|
| Ten I HALL | Short temeras | 7 Days. | Use Month | Three Months | Six Months | Aces. Que |
| terting S Dollar S Dollar ant, Dollar A Gatider W. Franc Eutschmark F. Franc JERN 64-64 54-55 57-55 84-83 11-9 67-64 67-64 72-74 | 12994444517444 13994444517444 | 13479455584117274774 13479455584117274774 | 25-14-55-63-15-65-55-55-55-55-55-55-55-55-55-55-55-55 | 38.5.3.5.5.5.5.5.5.5.5.5.5.5.5.5.5.5.5.5 | 20145000 TT 400 14145000 TT 400 141450 TT 4400 19165000 TT 4400 |

| | | | | | | - | - | | | _ |
|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|--------------|
| | | E | CHA | MGE | CHC | 755 | RATE | 5 | _ | |
| Feb.1 | 2 | \$ | DHA | Yes | F F7. | S Fr. | DFL | Litra | CS | BF |
| Š | 1 0.570 | 1.755 1 | 3.258 1.862 | 227.3 129.5 | 11.13 | 2.778 1.583 | 3690 2103 | 2392 1363 | 2.089 1.190 | 68.7 39.1 |
| DM YEN | 0.306 4.399 | 0.537 7.721 | 1 14.38 | 69.55 1000. | 3.406 48.97 | 0.850 12.22 | 1129 | 731.9 10524 | 0.639 9.190 | 21.0 302 |
| F Fr. S Fr. | 0.898 0.360 | 1.577 0.632 | 29% 1176 | 204.2 81.82 | 10. | 2.4% | 3.315 1.328 | 2149 861.1 | 1.877 0.752 | 61.7 24.7 |
| H FI, Lira | 0.271 0.418 | 0.476 0.734 | 0.886 1.366 | 61.60 95.03 | 3.036 4.653 | 0.753 1.161 | 156 | 648.2 1000. | 0.566 0.873 | 18.6 28.7 |
| C S D Fr. | 0.479 | 0.840 | 1.564 | 108.8 330.9 | 5.328 16.20 | 1.330 | 176 | 1145 3482 | 3.041 | 32.8 100. |

FINANCIAL FUTURES

Sterling prices recover

SHORT STERLING futures for March delivery fell below a key support level of 87.28 in Liffe trading yesterday, but recov-ered from the day's lows after

ered from the day's lows after sterling moved up from an early set back to finish unchanged on the day. The March price opened at 87.32 - little changed from the close on Tuesday of 87.31 - and fell to a low of 87.23 before recovering to finish at 87.28,

| Strike Price 94 95 96 97 90 99 100 | Calls settl Mar 326 131 19 3 | 100 435 344 257 213 139 109 51 | Parts-Set May 5 57 241 | Seconds Jun 13 22 35 55 117 151 229 | Strike Price 84 86 88 90 92 94 96 | Calls and Mar 662 463 303 124 24 4 2 | tiements Jun 700 516 343 226 130 54 29 | Puts-et litter 2 3 7 28 128 308 506 | 1 2 4 5 |
|--|---|---|------------------------------------|---|---|--|--|---|---------|
| Estimated volume total, Calls 1451 Pets 110 Previous day's open lot. Calls 31079 Pets 20013 | | | | Estimated Previous di | Acienie yez Acienie yez | al, Calls 1 al. Calls 2 | Puts 7 No Puts 3 | 515 | |
| LIFFE \$/5 | cents per £33 | | | | LIFFE EM | RODOLLAR of 196% | | <u> </u> | _ |

| _ | LIFFE EMODOLLAR OFTHING Slat points of 190% | | | | | | | |
|---------|---|--|---|--|--|--|--|--|
| #S 5974 | Strike Price 8975 9000 9025 9050 9075 9100 9125 | Calls-eatile Nor 73 29 29 13 5 3 2 | Ments Jun 80 64 30 19 12 7 | Pus-est Mar 13 77 16 33 56 80 | Jan 112 115 25 25 25 25 25 25 25 25 25 25 25 25 25 | | | |
| | Estimated | volume total, | Calls 1 | 00 Pets 50 | | | | |

Long dated gilt futurea showed little change on the day, finishing at 97-13 for

March delivery against 97-11 at the opening and 97-12 on Tues-

day.

US Treasury bond futures edged cantiously firmer despite the dollar's weaker tone. The

narrow movement on the day reflected a note of caution ahead of the Group of Seven

90000 SE (45 0770 12,500 (cm/s per £1)

CHICAGO

3,77 5,30 7,97 9,04 11,17 13,42 2.65 4.16 6.05 8.18 10.46 12.96 15.30 7.35 4.94 7.35 9.82 12.30 14.81 187 288 210 107 070 074 070 LONDON (LIFFE) 1-esth 3-esth 6-esth 12-esth 17496 17399 17287 17135

| 20-YEAR | 2mis of 200% | CELT | | |
|-------------------------|--------------------------------|-------------------------|----------------|----|
| Mar | 97-13 98-11 | 97-15 98-08 | 97-07 96-08 | 97 |
| Estimated Previous d | Volume 12819 ay's open lot. | 9 (1747(I) 33255 (32 | 019) | |
| 7-19 YEA | 1 9% horrison Task of 100% | M. CR.T | | |
| Mar Jun | (10se 94-29 | High 94-29 | 94-29 | 94 |
| Calment | Values 20 80 | | | |

redos day's open Int. 276 (276) Estimated Volume 432 (602) Previous day's open lat. 708 (670)

87.33 88.12 88.64 88.93 87.23 88.03 88.55 88.91 87.31. 88.11 88.62 88.96 Est. Vol. Gac., figs., not showed 19824 (15972) Previous day's open Jat., 58228 (58729)

| | - | | | |
|--------------------------|---|--|----------------------------------|---|
| FT-SE 101 | | | A : p | eta - |
| Mar Joq Sep | 206.30 210.00 | 208.20 211.80 | 205.60 209.50 | Prev. 208.10 212.20 |
| | Volume 5581, ny's open (st. | | 65177 | |
| | S of 190% | OLLAR | | |
| Mar Jun Sen Dec | Close 90,47 90,43 90,46 90,36 | High 90,47 90,44 90,45 90,36 | 90.43 90.43 90.44 90.34 | Pter. 90.45 90.42 90.44 90.34 |

| US TREAS | July Bones a 32nds of 190* | 7. | | |
|-------------------------|-------------------------------|---------------------|-------|---|
| Mar Jun Sep | 90-22 90-22 | 91-00 | 98-20 | 9 |
| Estimated Previous d | Volume 6246 ay's open int. | (5261) 12695 (12 | 668) | |

MONEY MARKETS

German rates up

REPURCHASE RATES rose sharply yesterday at the latest sale and repurchase tender which came as something of a sale and repurchase tender held by the West German Bundesbank. The top accepted rate of 6.1 per cent was above the Lombard rate of 6 per cent, and is seen as providing the anthorities with an excuse to push key lending rates firmer, should the US dollar continue

The split tender saw a total of DM36.5bn of liquidity allocated to commercial banks,

UK clearing bank have leading rate 13 per cent from November 25

more than compensating for two maturing facilities which drained DM29.2bn. Allocations of DM24.4bn for

Allocations of DM24.4bn for the 28-day agreement ranged between 5.5 per cent and 6.1 per cent, while the longer dated 63-day facility was allotted at between 5.65 per cent and 5.90 per cent.

While the net injection of funds reduced the cost of short dated money, the rise in the minimum accepted bid is regarded as an indication of the authorities' determination to provide underlying support to provide underlying support for the D-Mark. However, there was little expectation of a change in key lending rates at the meeting today of the Bund-esbank's central council.

In the London money mar-

surprise. Most traders were axpecting a shortage, since liquidity levels are usually depleted at this time of year by corporate tax payments. Fac-tora affecting tha market included bills maturing in offi-cial hands and a take up of Treasury bills, together with repayment of late assistance draining £556m. A rise in the note circulation accounted for a further £110m drained from the system, and banks brought forward balances £100m below target. These were offset hy Exchanger transactions which

Exchequer transactions which added £750m. added £750m.

The forecast was revised to a shortage of around £250m, and the Bank gave assistance in the morning of £34m through outright purchases of £56m of eligible bank bills in band 2 and £28m in band 4, all at machanged rates.

and £28m in band 4, all at unchanged rates.

A further revision took the forecast to a shortage of around £200m, and tha Bank gave additional assistance in the afternoon of £92m through outright purchases of eligible bank bills in band 1 at unchanged rates.

The key three-month interbank rate was unchanged at 13½ 12½ per cent. Overnight interbank money touched a high of 12% per cent but slipped away to finish nearer 10 per cent.

| T LONDON IN I | | ERBANK FIXING | | |
|---------------|----------|---------------|----------|--|
| | offer 93 | bld 93a | offer 95 | |

| IEW YORK | | | Treasury | Bills and | Bonds | |
|--|--|--|---------------------------|--|-----------------------------|------------------------|
| Span) ricke rate roler lose rate ril funds rd. funds | . 10½ 1 | no her. gs month place month no month no month | | 8.50 Four: 8.68 Fluty 0.91 Seats |)# | 9.04 |
| Feb.1 | Overnight | One Month | Tyro Months | Three Months | Stx | Lombard Saternation |
| rankiart | 5.85-6.00 01-83 41-45 6.31-6.43 24-318 111-113 5.15 779-774 | 535500 84-83 53-54 615-625 44-42 12-125 74-73 74-73 | 5.60-5.75 87-9 8-8% | 585-600 50-74 50-60 50-60 50-60 625-607 4014-00 74-771 84-84 | 6.00-6.20 62-72 82-85 | 4.92 7.23 |

| LONDON MONEY RATES | | | | | | |
|--|-------------|------------------|--|------------------|--------------------------|--|
| Feb.3 | Overnight | 7 days notice | Moeth | Three Months | Six Months | One Year |
| Interbank Offer | 123 10 | 13 121 | 131 ₆ 13 13 127 ₆ | 謹 | 124 124 124 124 | 121 ₂ 121 ₄ 121 ₄ 121 ₄ |
| Local Authority Deps Local Authority Boods | · • · | 1213 | | 12% | 124 | 12% |
| Discount Mkt Deps Company Deposits | 124 | 127 | 124 | 124 13 | 121 | 123 |
| Finance House Deposits . Treasury Bills (Buy) | : | : | 12월 | 13 | 124 | 践 |
| Bank Bills (Buy) Fise Trade Bills (Buy) Dollar CDs | = - | Ξ | 135 | 131 9.30 9.25 | 175 m | 9.65-9.60 |
| SDR Linked Dep Offer SDR Linked Dep Bid | 1 - | 1 = | 7 | 75 | 7.40 | 84 |
| ECU Linked Dep Offer ECU Linked Dep Bid | : | Ξ | 84 | 85 | 82 | an 81 |
| Treasury Ellis (sell); one-month 1212 per cent; three months 1225 per cent; Bank Ellis (sell); one-month 1213 per cent; three months 1213 per cent; Treasury Blifs; Average tender rate of discount 12.3125 p.c. ECGD Fixed Rate Sterling Export Finance, Belde up day January 31, | | | | | | |
| discount 12.3125 p.c. E 1989, Agreed rates for Schemes II & III: 14.41 p | period Febr | BURY 26.198 | 89 to Marci | ı 25 . 1989 | . Scheme I: | 13.93 a.c. |
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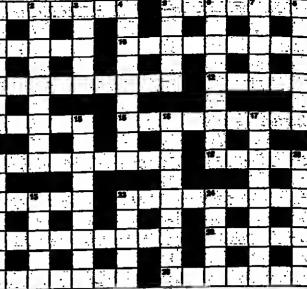
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CROSSWORD

No.6,850 Set by DINMUIZ-



Crabs odd pace,

meeting staring later today. Traders are also unwilling to take out fresh positions until the release of details on the US Treasury quarterly refunding package, due after the close of business in London.

Elsewhere, the West German

Government bund future recorded a record volume of around 15,843 lots traded, beating the previous record established on Tuesday.

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High 90.47 90.43 90.46 90.36 90.50 90.50 90.51 90.68

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90-26 90-25 90-15 90-15 90-05 90-05

EUROPEAN OPTIONS EXCHANGE

89-24 89-24

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place (7)

9 Money from Ecuador used as bribe in France? (5)

10 One of those dishes sometimes preferred to sultanas? 11 Letter opener (9)
12 City of the Dutch bread-rolls

charges in Africa (5) 15 Danger set, perhaps, set 18 Good news for oilmen fully

equipped (4-5)

19 Draws close attention
between card-players (5)

21 I call about the bloomer (5) 23 But it does not have a cube root! (54) 25 Piano-piece performed with-

out care (9) 26 Scrap is natural among car workers...(5)
27 ...one of whom makes
second petition (7)
28 Scrambled, like canon in final (7) DOWN

 Pain de Paris, possibly (7)
 Punishment for named persons, presumably? (4-6)
 Address, say, of Liverpool airport (5) Material for union kept

5 Famous sellor in disember-lation with no ambition it turns out (5)

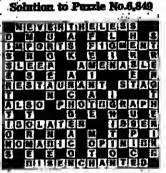
6 Chap on foot (9)
7 Hint feelings, not finishing card-gams (5)
8 Old fogy to peg out? Tought 14 With regard to smell, look

14 with regard to smell, look back over plant (3)

16 Get a guide prepared the sort Canute should have used (4-5)

17 The last place Gray raved about (9) 18 Bill'a jitiera? (7)
20 Relaxed, having paid up (7)
22 One going in gallop, errati-cally (5)
23 Outstanding police officer

24 Old instrument Esau's mother used, mostly (5)



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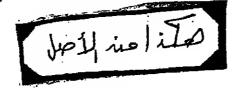
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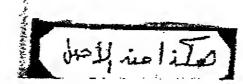
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NEW YORK STOCK EXCHANGE COMPOSITE PRICES

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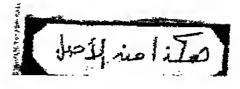
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world Stock Markets

ONG KONG'S stock market has followed

market has followed tradition during the past three days and celebrated the run-up to next week's Chinese New Year holiday with a powerful raily. This has produced three days of record highs, although prices fell back vectoring effectives.

yesterday afternoon. Turnover shot up from

HK\$1.86bn last Friday to HK\$2.93bn on Monday, com-

HK\$2.93bm on Monday, compared with a broad range of HK\$450m to HK\$490m a day in December. Yesterday volume remained heavy at HK\$2.62bm.

The Hang Seng index established a new post-crash high of 3,100.28 yesterday morning but then fell almost 40 points to close at 3,060.91, down 11.95 on the day.

This dramatic resurgence of activity on one of the world's smaller and, for the past year,

most sluggish exchanges, was the result of a large inflow of

new funds. In particular there

has been sharply increased international interest, partly reflecting world trends which have brought Hong Kong and its buoyant economy back into

There has also been a surge

in local buying, driven by the colony's office and residential property boom, and reports of big individual buying orders from Taiwan as well as invest-

Wait for economic news halts Dow's six-day climb

Wali Street

JANUARY'S rally showed signs of faltering again yester-day as February began but, considering the sparkling run-up to this month, selling pressure was only modest, writes Janet Bush in New York. At 2 pm, the Dow Jones Industrial Average stood 8.39 points lower at 2,333.93 in heavy volume of 145m shares. Very significant institutional

very significant institutional activity was reported.

In the later stages of this current rally, the Dow has often dipped into negative territory but then rebounded strongly. In the six sessions before yesterday, the Dow had risen oo each day — the longest winning streak for nine months. In those six sessions. mooths. In those six sessions, the blue chip index added a substantial 123.93 points. Figures provided by Shear-son Lehman Hutton show

healthy percentage gains in all the key stock indices last month. The largest gain was in the Dow Jones Transportation Index, which rose 10.5 per cent during the month. Next was the DJIA, which added 8.0 per cent, but even the much more broadly-based Standard & Poor's Composite Index rose 7.1

Exchange rose 5.6 per cent and toe NASDAQ Composite index on the over-the-counter market gained 4.9 per cent. Mr Newton Zinder, Shear-son's technical analyst, noted

that the Dow Jones Transporthat the Dow Jones Transpor-tion Average is now only 30 points below its pre-crash high of 1,101.16 on August 14, 1987. The mood in all financial markets turned more cautious yesterday as traders nentral-ised positions before tomor-row's unemployment report for

January and for the Group of Seven meeting in Washington where officials assemble later

Caution before these events diminished any impact from yesterday's release of Decem-ber US leading indicators which rose 0.6 per cent, marginally above forecasts for a 0.5

Although this pointed to continued robust growth, the dollar did not derive benefit as dealers took profits. Weakness in the dollar fed through to US hands orbish full markly. bonds, which fell modestly. Computer companies were in

favour with Company and Digital Equipment among the most actively traded stocks on the New York Stock Exchange. Compaq gained \$1% to \$71% after it announced fourth quarter net earnings of \$2.18, The Amex Market Value including a 14 cents tax bene-Index of the American Stock fit, compared with \$1.25 a year

earlier. Digital Equipment rose West Point-Pepperell jumped \$2% to \$52% on news that investor Mr William Farley had raised his takeover bid by

\$4 a share to \$52 a share. Merck fell \$1 to \$64% on merch that the Japanese Ministry of Health had issued a health warning about the ulcer drug, Gaasta, which Merch markets in the US under the

name Pepcid. Ryder System, the equipment leasing and transporta-tion services company, jumped \$1% to \$28% after the company said it was exploring the sale of four subsidiaries and announced intentions to huy back up to 15 per cent of its common shares.

Circle K, the convenience food chain, gained \$2% to \$14% after the company said it had hired Wasserstein, Perella to explore ways of maximising shareholder value.

Canada

ACTIVE early trade left Toronto sharply higher in spite of a drop in the gold index. The composite index rose 19.5 to 3,627.6 on volume of 8.5m shares by midsession.
Southam, which said it would cut 900 jobs, rose C\$% to

Nikkei drops as strong dollar jangles nerves trial index rising 3.69 to pecting company, to 70 per 1,137.01. Turnover was affected cent earlier this week, the com

International funds fuel Hong Kong rally

John Elliott finds foreigners are aiding a traditional welcome for Chinese new year

Chinese New Year

Cumulative average % change in Hang Seng Index 1971-88

In the property boom, this week's stimulants have included a HK\$3 a share bid.

from HKR Properties for the locally listed Bond Corporation

International. This was an attempt to disrupt Mr Alan Bond's offer to buy out minority shareholders at a widely criticised level of HK\$2.20.

Yeeterday the shares climbed to HK\$2,325 and some brokers say a figure as high as

between HK\$3.50 and HK\$4
would be a realistic buy-out
level, given the company's
ownership of Hong Kong's
prestige Bond Centre.
The sale of a luxury flat
development in Hong Kong's

development in Hong Kong's

the day.

THE DOLLAR'S renewed rise above the psychologically sig-nificant barrier of Y130 sent a wave of nervousness through the equity market and share prices plunged in heavy sell-ing, writes Michiyo Nakamoto

in Tokyo.

After moving indecisively in early trading, the Nikkei average fell sharply as the dollar's strength showed no sign of abating. The Nikkei closed 220.62 lower at 31,360.68 after reaching a high of 31,581.49 and a low of 31,303.72. Widespread selling meant falls heavily outnumbered rises by 605 to 333.

Turnover at 1.03bn shares was higher than Tuesday's 856m. The Topix index of all listed shares dropped 19.78 to 2,445.05 and in London the ISE/ Nikkei 50 index fell 2.03 to

Investors, who have for some time been nervous about the strength of the dollar and the effect it could have on domes-tic interest rates, were given a clear signal yesterday that the US currency was likely to hold on to its current high level for a while. There was a growing feeling that the Group of Seven ministers, scheduled to meet in Washington tomorrow, were in favour of stabilising the currency market at present levels. The dollar's strength put pres-sure on the bond market, where interest rates edged up,

in turn depressing equities.
Some analysts expect Japanese equities to continue their lacklustre performance until the year-end for financial firms in March, as many fund managers apparently have already attained their goals for the year and have no incentive to risk losses in the currently vol-

atile market. Others, however, forecast a strong performance and see the present downturn as temporary - a longer-than-expected correction of a market that has risen too high too fast. "Funda-mentally, the market is still strong," said Mr Piers Higson Smith at Warburg Securities. The construction sector was

helped yesterday by news that the Government has finalised plans to construct more big

1988/89 Low

91.16 83.72 99.14 107.06 111.42

106.78 72.77 67.78 84.90 104.60 62.99 133.61 107.83 90.07 95.23 63.32 98.52 98.52 130.79 98.26 130.79 74.13 120.69 79.19

97.01

130.81 120.36 99.78 80.27 87.51 120.26 111.77

113.26 100.00

ago (approx)

96.90 87.50 106.71 108.87 113.75 108.12 75.24 68.79 87.78 113.66 68.17 148.70 115.52 124.01 97.64 70.24 101.61 102.58 125.12 135.24 105.45 77.63 129.85

99.40

144.33 126.38 104.63 80.56 91.75 125.77 116.28 117.42 102.52

ments through fund managers

"We have seen new US institutions making strategic decisions to get back into Far East
markets of Hong Kong, Singapore and Malaysia," said Mr
Malcolm Surry of CL-Alexanders Laing and Cruickshank.
"There is also substantially
increased interest from UK
fund managers, who saw the

fund managers, who saw the Hong Kong market moving ahead after Christmas. In addi-

tion to money from Taiwan, local people have been weigh-ing in, armed with their Chi-nese New Year bonuses."

Mr Roy Crabbe of Smith New Court in London has reviewed the market's performance over the past 18 years and found that the average rise in the 20 trading days before the Chinese New Year has been about 9.5 per cent. In the past 18 trading days of this year, the market of the change of this year, the market was not the change of this year.

ing days of this year, the mar-ket has risen 10.6 per cent.

and share prices. "It'e a very cheap market here. In particu-lar we have for months seen

the property market going

through the roof and the stock

market staying down," said Mr Angus Baxter of Smith New

Court, Hong Kong.

he rally has helped to close some of the gap, often of 40 per cent or a, between net asset values

Constructions helped sup-

kets enjoyed an active and buoyant day, Australia fell back for the first time in 10

20.9 to 1,530.8 – its biggest fall since November 28. Turnover reached 108.8m chares worth

cents to A\$1.76 with 1.81m shares traded. SINGAPORE had an active

session, with profit taking pull-ing share prices off their highs and the Straits Times indus-

fashionable Mid Levels area is

now being negotiated at about HK\$1.8bm, or 160 per cent above its sale price 16 months

ast week a record auction price of HK\$3.35bn
was paid by two leading local developers, Sun Hung Kal and Sino Land, for an office plot in Wanchai just to the east of the central district. Wanchai office rents have climbed 30 me cant in these months.

per cent in three months.

The stock market's trailing levels are still well below precrash highs, when the Hang Seng index reached 3,949 on

October 1, 1987 and volume htt HK\$5.41bn a day later. They

are dramatically up, however, from last year's lows of 2,223 in February on the Hang Seng and a volume of HK\$356m one day in September.

The colony's stock exchange

governing body and top management have been reorgan-

ised since the crash and have had the satisfaction this week

of seeing the increased interna-

tional interest for which they

are working. Yesterday the exchange

launched an index covering all traded shares to supplement

the selective Hang Seng and the Hong Kong index. The new all chare index (April 6, 1986-1,000) contradicted falls

TAIWAN rose for the third straight session, with the weighted index surpassing the 6,200 resistance level in strong

ther, with the Barclays index breaching 2,000 to end 13.98 up at 2,007.91 in heavy trading, helped by the strength of markets in the US and UK and interest in the latest expansion by leading entrepreneurial

ern Petroleum, a local oil pros-

in the other two indices by gaining 2.01 points yesterday to 1.806.76

The market is now "on a knife edge," said Mr Richard Witts of Schroder Securities.

Witts of Schroder Securities.

"We are really asking for a short, sharp, one day drop now, but I'm confident the buyers will come back quickly."

The bigger question is what will happent when the market reepens next Thursday after the three-day holiday, having said goodbye to the Year of the Dragon and moved into the traditionally more precarious Year of the Snake.

Some brokers believe there will be a surge of baying if confidence in the US doller is still strong.

still strong. Others say that everyone goes to sleep in Hong Kong for up to a fortnight at new year. They believe that nothing spec-tacular will happen until big companies such as the Hong-Kong and Shanghai Bank and Jardine Matheson announce what are expected to be impressively good annual results a few weeks later, and the Government's annual bud-get is announced on March 1.

First, however, at the end of next week, Mr Alan Bond's

buy out saga will develop fur-ther, possibly fuelling the prop-erty boom a little more.

Madrid hit by squeeze on capital markets' liquidity

focused on interest rates, leaving most bourses depressed, writes Our Markets Staff.

MADRID took a beating after newe of a liquidity squeeze and the likelihood of interest rate rises in the next few days. Banks and utilities were hardest hit and the gen-eral index dropped 4.31 to

278.79. Under the Finance Ministry's new rules, banks will have to increase their liquidity reserves by 1.5 percentage points to 18 per cent, removing an estimated Pta400bn (\$3.5bn) from the capital markets.

BBV and Banesto Central

together account for about half of the sector's deposits, and BBV fell 8 points to 1,135 of par while Banesto Central lost 5 to 985. The extra funds going to the required reserves will be

non-interest bearing. In utilities, which tend to be highly-geared, Iberdnero fell 3.9 to 113.2 while Endesa gave up 5 to 220.

PARIS regained some confidence after Tuesday'e weak session, although activity was restrained by the latest bourse employees strike which meant no trading in the blue chips underlying the options market. The CAC 40 index finished

up 2.70 at 1,657.69 and the OMF 50 index put on 1.52 to 462.02. One trader said France bad overreacted to the Dentsche Bank rights issue in Germany and the possibility of similar moves in Paris.

Peugeot was not quoted in Paris but saw good activity in London, where it was priced as high as FFr1,535 after closing in Paris at FFr1,477 on Tuesday. Positive earnings fore-casts for the current year and speculation over a possible cash call have renewed interest in the stock.

LVMH, the luxury goods group, also benefited from revived speculation about possible boardroom disputes, ris-

NATIONAL AND REGIONAL MARKETS

Figures in parentheses show number of stocks

per grouping

Austria (18)

8elgium (63) Canada (125

France (131).

West Germany (... Hong Kong (45). Ireland (17)..... Italy (98)..... Japan (456).... Malaysia (36)...

Mexico (13).

Norway (26).

Spain (42)...

USA (570).

Switzerland (57)

Europe (1006)...... Nordic (126)...... Pacific Basin (677).

United Kingdom (314)..

Netherland (38)... New Zealand (24).

Australla (90).

Poulenc, the chemicals issue, was active, rising FFr32 to FFr600 with 119,000 sharee changing hands. The stock is expected to benefit from any drug developments at its 52 per cent-owned subsidiary Institut Merieux and is being recom-mended for its fundamentals.

at FFr574. It had fallen to FFr551 on news of Elders' lat-est move against Carnand's link-up with Metal Box.

ion from its buoyant start to 1989. Prices fell again charply, with investors deeply worried about the outlook for interest rates and the pressure on the market from the Deutsche Bank rights issue.

550, seen as an important support level, to close 7.19 down at 548.96. The DAX index finished 12.21 easier at 1,300.52, just above its low for this year of

Turnover remained moderate at DM3.67bn, well down on last week's figures. Last month sbare turnover on the eight German bourses rose to DM102.5bn from DM64.1bn in December, breaching the DM100bn level for the first time since August 1987. Deutsche Bank lost DM9.40

lower at 592.57. Danieli, which confirmed reports it was building a steel

TUESDAY JANUARY 31 1989

133.08

80,49 113,71 114,60 130,85 112,51 98,45 71,17 108,19 114,74 136,29 60,25 134,48 117,80 106,42 125,57 126,47 126,44 102,44

100.51 120.94 158.20

Day's Change %

-0.9 +0.0 -1.3 +1.6 -0.3 -0.3 +0.3

Oollar Index

157.12

95.03 134.26 135.31 154.49

132.85 116.23 84.04

75.89 149.29

118.67

FRANKFURT began February in strikingly different fash-

The FAZ index fell below

cent rise in sales on Tuesday.
Steelmaker Thyssen, which
said its planned takeover of
Krupp had failed, lost DM2.50
to DM205.

MILAN fell sharply as the market's malaise persisted, and the Comit index ended 6.79

Carnaud closed down FFr16

to DM515.40 for a two-day fall of 3.8 per cent. However, some institutional support buying was reported in Deutsche Bank and Daimler, which ended DM1.50 higher at DM661.50. Fellow carmaker BMW rose DM3 to DM499 after its 25 per

from early losses to end mixed, with the CBS tendency index off 0.5 at 161.9 in quiet trading. cents to Fl 151.80 after falling in the wake of its results on Tuesday. DSM traded 10 cents lower at Fl 113.90 in the grey

market before today's close of subscriptions. ZURICH put in another dull ession as interest rate worries and falls on leading markets fuelled selling. The Crédit Suisse index eased 2.2 to 533.4. Adia bearers fell further, giving up SFr125 to SFr7.850 and Inspectorate lost SFr15 to SFr2.135. Octilion-Bührle was

AMSTERDAM picked up

announcing a 5.6 per cent rise in 1988 turnover and saying it did not expect to post a profit this year. STOCKHOLM hit its third record high in a row, as the strong forestry sector helped the market overcome profit-

steady at SFr1.180 after

taking. The Affärsvärlden index rose 1.3 to 1,074A.

Electroinx reported an increase in its dividend from SKr10 to SKr11.50 and a 21 per cent profits rise. Its free B

cent profits rise. Its free B shares gained SKr2 to SKr314.

BRUSSELS slipped in moderate trading, led lower by engineering group ACEC and holding company GBL. The cash index fell 11.3 to 5,790.5.

ACEC, a unit of Société Générale, lost BFr22, or 5.3 per cent to BFr388 on turnover of cent, to BFr388 on turnover of

73,000 shares, after a 20 per cent slump on Tuesday. There are fears restructuring plans might be rejected by unions, public anthorities and banks. GBL lost BFr30 to BFr4.050 after announcing a share swap that reinforces its participation in oil group Petrofina and Tractebel, the energy and telecommunications group. GBL said it was issuing about 1.25m shares under the deal, raising

its share capital by 7 per cent.

Dollar Index

153.63

95.30 134.77

135.28 156.97 132.46 118.13 85.26 126.39 137.34 82.42 1955.23 162.25 114.77

70.16 161.54 139.25 123.75 149.55 149.76 77.15 149.71

MONDAY JANUARY 30 1989

Ster)ing

129,23

80.16 113.37 113.79 132.04 111.42 99.37 71.72 106.32 115.53 69.33 162.25 130.57 136.48 96.50 135.89 117.14 104.10 125.80 125.80 64.90

100.65 121.26 158.52 135.37 101.62 85.04 113.72

134.31 121.00 121.54

Currency Index

116.38 92.46 130.45 115.68 154.41 119.64 117.11 82.38 126.57 134.48 83.71 157.65 163.39 409.52 110.01

110.01 61.63 147.51 124.11 106.08 130.63 140.34 75.53 125.94 119.98

108.69 132.26 154.47 136.26 119.74 98.04 114.17 135.41 130.62

130.33 115.79

100.c0 139.89 135.31 161.60 139.83 119.33 90.40 127.75 144.25 86.88 197.43 155.23 182.24

182.24 115.04 84.05 161.54 139.25 139.07 164.47 149.76 86.75 149.71 120.99

119.66

192.26 161.61 121.75 102.91 137.41

160.23 143.93 144.48 121.36

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuarles and the Faculty of Actuaries

Gross Oiv. Yield

4.58 2.67 3.85 3.198 1.46 2.78 2.388 3.82 2.44 2.62 4.53 1.87 2.15 4.32 2.26 4.32 2.26 4.32 2.26 4.32 2.38 3.53

highways. Sato Kogyo, which has considerable experience in building tunnels, was the most actively traded issue with

48.4m shares changing hands and rose Y110 to Y1,450.

Taisel, which is expanding its civil engineering business, was second most active with 188.9m shares rising V40 to 88.9m ehares, rising Y40 to Y1,390, while Nishimatsu Construction, which specialises in large-scale civil angineering work, was third in volume terms with 32.3m shares and also gained Y50 to Y1,110.

port the Osaka market but the OSE average fell 88,16 to close at 29,900.59. Volume at 104m improved on Tuesday'e 80m.

Roundup

WHILE most Asia Pacific mar-

AUSTRALIA was taken lower by worries over the domestic economy, with investors unwilling to buy in the current climate of worse-thanexpected inflation, high interest rates and weaker commod-The All Ordinaries index lost

A\$193.5m. Brieriey Investments added 1. cent to A\$1.09 on turnover of 3.65m shares, while IEL shed 3

in early trading by computer. faults at some brokerage firms and fell to 59.8m shares from 61.2m on Tuesday.

pre-holiday buying. The index added 79.6 to 6,157.12. NEW ZEALAND rose fur-

group Brierley Investments (BIL), writes Dat Hayward in

Following the news that BIL had boosted its stake in South-

cent earlier this week, the com-pany has now taken control of Lane Walker Rudkin Industries, a textile manufacturer. BIL has acquired another Im shares at between NZ\$11 and NZ\$11.20 a share to lift-its holding to 56 per cent.

On Tuesday, 55m Brierley shares changed hands, and yes-terday morning a further 5.8m were traded, with the share price rising 5 cents to NZ\$11.58 and some off-market deals concluded at NZ\$11.61.

N Section

160

12 57.0

主作就会

C. FEW.

SOUTH AFRICA

NERVES about the lower bullion price kept trading quiet in Johannesburg, and most shares eased. Gold issue Randfontein lost E7 to R233.

WINNING THE EUROPEAN TIME TRIALS



The Philadelphia Stock Exchange Announces **Expanded Trading Hours**

Starting January 20, trading In foreign currency options at the PHLX opens 0930 GMT (4:30 a.m. EST/EDT) so that you can directly

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of innovation. Now we've stepped up the pace.

Philadelphia Stock Exchange

119.66 144.16 188.45 120.80 101.10 135.18 159.67 143.85 144.48 121.06 Pacific Basin (677).
Euro-Pacific (1683).
North America (695).
Europe Ex. UK (692).
Pacific Ex. Japan (221).
World Ex. US (1881).
World Ex. US (1881).
World Ex. So, Af. (2391).
World Ex. Japan (1995). 158.20 135.13 103.12 84.53 116.39 134.13 121.45 121.97 102.79 130.47 -0.3 2.20 144.36 121.43 130,17 | 144.36 | 113.37 | 117.48 Base values: Oec 31, 1986 = 100; Finland: Dec 31, 1987 = 115.037 (US \$ Index), 90.791 (Pound Sterling) and 94.94 (Local); Nordic: Dec 30, 1988 = 139.62 (US \$ Index), 114.42 (Pound Sterling) and 123.18 (Local).

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120.02 116.42 82.07 127.89 134.10 83.84 157.47 162.83 406.94 109.20 62.46 145.80 123.83 106.70 130.24 140.15 75.27 126.44 120.99

108.67 131.76 154.38

Latest prices were unavailable for this edition.